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# USSR Report

CONSUMER GOODS AND DOMESTIC TRADE

(FOUO 4/81)



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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

CONSUMER COOPERATIVE NETWORK'S FUNCTIONS ELUCIDATED

Moscow VOPROSY EKONOMIKI in Russian No 5, May 81 pp 86-95

[Article by V. Nesterenko and I. Suslov: "The Consumer Cooperatives in the Economic System of Developed Socialism"]

[Text] In the extensive system of measures worked out by the 26th Party Congress for the further enhancement of the laboring public's well-being, particular significance is attached to the fuller satisfaction of public demand for various goods and services, the expansion and renewal of the product assortment, the improvement of product quality and the active development of the population's aesthetic tastes and reasonable demands. A sizable part in the implementation of these plans will be played by the further development of consumer cooperatives and the heightened effectiveness of their operation.

The consumer cooperative is one of the major economic organizations in our country. It serves primarily the rural population and inhabitants of small cities and rayon centers. Consumer cooperative enterprises employed over 3 million people. During all stages of the Soviet State's development, the consumer cooperative has been actively involved in the execution of the communist party's socioeconomic policy. The November 1979 decree of the CPSU Central Committee and USSR Council of Ministers "On the Further Development and Improvement of the Activity of Consumer Cooperatives" will be quite important in the development of this organization.

As an economic organization, the consumer cooperative is an element and integral part of the mature socialist economy. This stems from socialist ownership of the means of production, which, as the Constitution of the USSR points out, constitutes the basis of the economic system of the developed socialist society, taking the form of state (or public) and kolkhoz-cooperative ownership. This statement is of fundamental significance in the description of the entire structure of economic relations in the developed socialist society and in the determination of the place and role of consumer cooperatives within these relations.

Public ownership is the highest form of socialist ownership, but it does not extend to all means of production, manufacturing output, functioning fixed assets and commodity and financial resources. Some of them are the kolkhoz-cooperative property of socialist enterprises, organizations and associations.

Kolkhoz-cooperative ownership develops in close interaction with public ownership on the basis of the single system of objective economic laws of socialism. The cooperative sector, just as the entire mature socialist economy, is distinguished

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by comprehensive and massive material and technical facilities for production and exchange, intensive expanded reproduction, a prevalence of economic methods in the administrative mechanism, and the goal of the fuller satisfaction of the laboring public's needs and interests by means of more efficient economic activity and the intelligent use of material, financial and labor resources.

These features, which are characteristic of cooperative organizations, enterprises and associations, develop under the influence of the same objective tendencies that are inherent in the public form of ownership. The inclusion of kolkhoz-cooperative ownership in the basis of the economic system of developed socialism is justified by the great significance of cooperative forms of economic activity. Mature socialism offers new opportunities for the reinforcement and further development of these forms. In this connection, it is now even more important to analyze the effectiveness of farms, organizations and associations which function on the basis of kolkhoz-cooperative ownership in agriculture and in other spheres of the national economy.

The Consumer Cooperative--A Cooperative Form of Economic Management

It is obvious that the cooperative sector of the socialist economy has a complex internal structure. This sector includes several varieties of cooperative enterprises, organizations and associations, operating in various spheres of economic activity, and encompasses, above all, kolkhozes, the consumer cooperative network, fishing kolkhozes and the residential construction cooperative network. An important role in the cooperative sector is assigned to the kolkhoz form of production, with its relations based on kolkhoz-cooperative ownership. On the one hand, this category is the fullest reflection of the features common to all varieties of enterprises in the cooperative sector, but on the other it singles out the basic link of this form of economic management--the kolkhoz.

Among other forms of cooperative organizations, the consumer cooperative occupies an important place in terms of economic turnover, assets, number of employees and other indicators. The statement in the Constitution of the USSR, that "socialist property also includes the property of trade-union and other public organizations," sometimes leads to attempts to classify the property and the very form of economic management of the consumer cooperative network not as kolkhoz-cooperative property, but as part of the property of "other public organizations." In our opinion, this interpretation is invalid. Article 12 of the Constitution of the USSR explains that "part of the property of kolkhozes and other cooperative organizations... consists in the means of production and other property they require for the performance of their assigned duties." Therefore, it is an established fact that the object of kolkhoz-cooperative ownership is not only the property of kolkhozes, but also the property of other cooperative organizations.

The Constitution of the USSR also states that trade unions, the Komsomol and cooperative and other public organizations will take part in the management of state and public affairs and in political, economic and sociocultural decisionmaking. In this case as well, all types of cooperatives are classified under a single heading.

All of the different cooperative forms are related to one another to various degrees, but they all function as a single entity in the overall economic system. The common features uniting all types of enterprises in the cooperative sector of

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the socialist economy are their indivisible and shared funds as a specific economic category of kolkhoz-cooperative property. This category is not characteristic of enterprises in the state sector of the national economy or of trade unions and other public organizations.

The kolkhoz-cooperative form of ownership is similar to the public (or state) form of ownership in terms of its socioeconomic nature, but has a different level of socioeconomic collectivization of labor and reproductive assets. This is clearly reflected in the peculiarities of the economic activity of cooperative units, their interrelations with one another and with the state budget, their mechanism for the management of socioeconomic processes and the principles governing the distribution of the results of their economic activity. In the last decade considerable progress was made in equalizing the operational processes of state and cooperative socialist enterprises and associations by instituting more progressive forms of economic management. The differences between them still exist, however. These differences must be taken into account in future improvements in the socioeconomic structure of social reproduction and its material and technical base and in the process of the fullest satisfaction of the working public's needs and the realization of their economic interests.

Kolkhoz-cooperative economic activity plays a specific role in all spheres of social reproduction, especially in branches of agriculture and the sphere of retail trade and procurement, in which the kolkhoz form of production and consumer cooperatives function as types of cooperative ownership. Their unity is predetermined, firstly, by the deciding role of public ownership and, secondly, by the common fundamental characteristics of cooperative socialist enterprises. Among these, special mention should be made of collective economic interest and responsibility for the results of economic activity, the collectivized circulation of reproductive assets and working capital, their common sources of capital for simple and expanded reproduction, the principles governing the formation and distribution of profits and their interrelations with state credit establishments, budget organizations and economically independent state enterprises and associations. The principles of the economic independence of enterprises in the kolkhoz sector and consumer cooperatives differ from those of state enterprises in agriculture, trade and procurement.

The property of kolkhozes and the property of consumer cooperatives are different types of cooperative property by virtue of their different spheres of activity, developmental conditions and functional purposes. This, in turn, predetermines the differences in the income and material, financial and labor resources of kolkhozes and consumer cooperatives, in the distribution of income according to labor and the formation of profits, in the status of consumer cooperative personnel and the kolkhoz peasantry and in the activity of the corresponding labor collectives. Most of the property in the kolkhoz sector, in the form of indivisible assets, is owned by individual production collectives or groups of collectives in interfarm associations. The property of consumer cooperatives is distinguished by several levels of collectivization. The first level consists of the indivisible and shared assets of consumer societies (or cooperatives), formed with the aid of income from economic activity, initial fees and share costs. The initial fees and income from economic activity serve as the basis for the formation of indivisible assets, and the share costs are used in the formation of shared assets. Charter capital and special funds (indivisible assets) represent the part of the property of consumer societies that cannot be reduced, are not available for the personal

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use of cooperative members and are not distributed among them. Although the shared assets are part of the cooperative property, they are recorded in the personal accounts of cooperative members. If they should cancel their membership in the society, these assets are returned to them in monetary form.

The next level of collectivization of the property of consumer cooperatives is characteristic of the personal assets of unions of consumer societies--rayon, oblast, kray, republic and central. They consist of deductions from the revenues of affiliated cooperatives and the profits earned from the development of their own economic units. Unions of consumer societies establish enterprises and economic subdivisions to satisfy the general needs of affiliated cooperatives. This is also the repository for resources which can be used to help organizations needing assistance by offering them loans or contributions. The personal funds of unions of consumer societies are part of the indivisible assets of consumer cooperatives. When specific links, including cooperatives, are dissolved, their indivisible assets are turned over to a superior cooperative organization.

The rapid growth of total indivisible assets and the reduction of the proportional amount (with a simultaneous increase in the absolute amount) of shared capital in the personal assets of consumer cooperatives are characteristic of the present stage in the development of the cooperative network. At the beginning of 1980 the total shared capital of consumer societies was 1.5 times as great as in 1965 and amounted to around 800 million rubles; indivisible assets increased 2.5-fold during the same period and exceeded 15 billion rubles. The proportion accounted for by shared capital in the personal assets of consumer cooperatives dropped from 5.9 percent to 5.3 percent. The property of consumer cooperatives will resemble public property more and more as the cooperatives develop and grow larger and as unions of consumer societies gain economic strength.

The assets of the consumer cooperative are the property of its shareholders. The assets of a union of consumer societies belong, depending on its zone of activity, to the consumer cooperative members in the rayon, oblast, kray, republic or the entire country. During the process of the use of cooperative working and productive capital, conditions are established to satisfy the needs of shareholders and members in the marketing sphere. The members of cooperatives also exercise their ownership rights by participating in the distribution of profits derived from the economic activity of consumer societies. This is accomplished through the investigation of the results of affiliate enterprises' activity by cooperative control commissions, at meetings of shareholders or their authorized representatives and at sessions of elected collective organs--the boards of consumer societies and unions. In turn, the board of a cooperative organization, as its executive and managing body, directly supervises its economic activity. It forms collectives of workers and employees and establishes an administrative staff for the completion of current assignments.

Production collectives of the workers and employees of consumer cooperatives exercise the right to use and manage the property of these organizations, with the authorization of consumer societies and unions and their elected collective administrative bodies. The wages, social security and social insurance of consumer cooperative personnel are paid out on the basis of the same principles as those of the workers and employees of state trade, procurement and production organizations. They exercise their right as co-owners and co-managers of the means of production

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in the same way as the personnel of state enterprises. A significant role in this process, however, is played by the use of consumer cooperative resources. To a certain extent, these are used to ensure the constant improvement of labor conditions, the growth of professional mastery and qualifications, the offer of better wages and material and moral incentives, the improvement of personal and recreational conditions and the all-round development of consumer cooperative personnel.

## The Development of the Economic Functions of the Consumer Cooperative

Shareholders, as co-owners and co-managers of the collective assets of consumer cooperatives and unions, exercise their ownership rights not so much through the acquisition of dividends as in the direct process of the activities of consumer cooperative enterprises and establishments, in the process of their performance of their economic functions: the organization of trade in consumer goods in the neighborhoods of members of consumer cooperatives and the development of public dining systems; the search for additional commodity resources for the optimization of the product assortment and the fuller saturation of the commodity market; the satisfaction of the demands of rural inhabitants and the population of workers settlements for construction materials, household implements and the means of labor needed for housework and private subsidiary farming; the organization of the procurement of surplus agricultural products and natural resources from the population. The more completely, proficiently and comprehensively the consumer cooperative performs its economic functions, the more fully the co-owners of the capital of consumer cooperatives and unions can exercise their ownership rights.

The materials of the 26th CPSU Congress stress the need for the further enhancement of the role of trade in the determination of the commodity assortment and product quality, in the improvement of economic interaction by industrial, agricultural and trade enterprises and organizations, in the fulfillment of economic agreements, in the compilation of production plans and in the sale of consumer goods. The consumer cooperative and its organizations and enterprises must strive to exert broader and more active influence on consumer goods production through all of the channels of their economic activity.

The most important economic functions of the consumer cooperative consist in thoroughly developing retail commodity turnover in rural areas, ensuring the rapid growth of the purchasing power of laborers, developing new types of demand and satisfying them by the most efficient means--by putting together the optimal product assortment and providing the public with enough free time to purchase material goods.

Since the time of the historic decisions of the March (1965) CPSU Central Committee Plenum and 23d CPSU Congress, the monetary income of the rural population, particularly workers in kolkhoz and sovkhoz production, have increased rapidly, and this, combined with the rapid growth of consumer goods production, has increased the volume of retail commodity turnover in the consumer cooperative network from year to year. In 1965 it amounted to 30.9 billion rubles (including public dining), and in 1979 the figure was 72.1 billion rubles. Despite the fact that the growth rate of retail commodity turnover in urban settlements was slightly higher than the rural rate during these years (respectively, 249 percent and 221 percent), the growth rate of retail commodity turnover in cooperative trade was almost the same as in the state trade network. The consumer cooperative network's share of the

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national retail commodity turnover has remained quite sizable and virtually unchanged. It was 28.9 percent in 1965, 28.9 percent in 1970 and 27.9 percent in 1979. What is more, it is important to note that the segment of the population living in rural areas continued to decrease--from 47 percent in 1966 to 37 percent at the beginning of 1980.

Calculated per capita, the growth rate of retail commodity turnover has risen much more quickly in rural areas than in urban settlements. In 1965 per capita commodity turnover was equivalent to 660 rubles in urban settlements and 222 rubles in rural zones, but the respective figures in 1979 were 1,218 and 539 rubles. The ratio of urban to rural turnover decreased from approximately 3:1 to 2:1. What is more, we must remember that rural inhabitants do part of their shopping in stores in urban settlements, some of which belong to consumer cooperatives.

According to a survey of a sample group of families, the non-grocery items purchased by kolkhoz members in urban stores represent approximately 40 percent of their total purchases of these items. There is nothing wrong with the rural inhabitant's practice of purchasing some goods in urban stores, but an excessively high percentage of purchases in urban stores testifies to shortcomings in the distribution of commodity stocks between state trade and consumer cooperatives, which leads to considerable losses of working and leisure time for rural customers, to a higher degree of unsatisfied demand and to several other negative phenomena.

Significant possibilities for broader cooperative trade are also attested to by the rapidly growing savings accounts of rural inhabitants. Total public deposits in savings accounts in rural areas amounted to 4.7 billion rubles in 1965 and 12.5 billion in 1970, and in 1979 the figure had already reached 39.3 billion rubles. The average rural account rose from 309 to 1,154 rubles during these years and exceeded the average account in urban settlements, although per capita accounts were approximately 1.6 times as high in cities.

It would be wrong, of course, to attribute the total increase to unsatisfied demand, but there is no question that this was one of the prominent factors contributing to the increase. The failure to completely satisfy the rural inhabitant's demands testifies to the existence of sizable reserves for the further growth of retail commodity turnover in the consumer cooperative network and to the need for the more efficient distribution of available commodity stocks among urban and rural stores.

Consumer cooperative organizations take these processes into account in their economic activity, ensuring that the growth of overall commodity turnover is accompanied by the improvement of its structure in accordance with qualitative changes in the consumption patterns of the laboring public. Whereas total retail commodity turnover in the consumer cooperative network increased 2.4-fold in comparison to the 1965 figure, sales of non-grocery items increased 2.5-fold during this period. The rate of increase has been particularly high in sales of underwear and outerwear, electrical equipment, furniture, radio equipment, sporting goods and other durable goods. Rural sales of construction materials have increased noticeably.

When the process of supplying rural settlements with electricity and gas lines was completed, the demand for electrical household appliances began to rise constantly and the demand for kitchenware and many other household items changed. In

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the last 10 or 15 years, rural families have rapidly acquired more and more durable goods for cultural and personal use, approaching the level of urban families. For example, between 1965 and 1979 the number of television sets per 100 rural families rose from 15 to 71 while the figure for urban families rose from 32 to 89; the respective increases in the number of refrigerators were from 3 to 55 and from 17 to 96; the figures for washing machines rose from 12 to 56 and from 29 to 79; and the figures for radios and phonographs rose from 49 to 74 and from 67 to 90.

Grocery sales volumes have also increased, and the structure of their assortment, their quality and the conditions of their storage and sale have improved. Naturally, the quantity, assortment and quality of groceries sold in stores and the degree to which the demand for them is satisfied depend on the level of agricultural production and the reliability of the system of their storage, timely processing and delivery to the trade network, as well as the developmental level of private subsidiary farming by the rural population. The consumer cooperative network also plays an important role in the search for additional food resources, particularly under present conditions. The need for the maximum promotion of this facet of the consumer cooperative network's activity was pointed out by L. I. Brezhnev at the 16th Trade-Union Congress and the July (1978) CPSU Central Committee Plenum.

The speakers at the 10th congress of authorized representatives of consumer cooperatives in the USSR remarked that this network is responsible for the procurement of more than 60 types of products and raw materials and that it sells the state more than half of all the potatoes procured in the nation, over one-third of the vegetables, around 70 percent of the cucurbites and 90 percent of the wool. Consumer cooperatives hold a prominent position in procurements of eggs, pelts and furs, herbs and medicinal plants. Over 5 years the procurement turnover amounted to around 38 billion rubles. Existing possibilities, however, are far from depleted. For example, over 40 percent of the private subsidiary plots in Stavropol'skiy Kray have been taken over by consumer cooperative organizations, but in Altayskiy Kray the figure is only 16 percent, while the respective figures for Dnepropetrovskaya and Voroshilovgradskaya Oblasts are 36 percent and 20 percent.

Under present conditions, now that the CPSU Central Committee and USSR Council of Ministers have taken additional steps, in accordance with L. I. Brezhnev's instructions, to develop private subsidiary farming and the gardening societies of urban inhabitants, the consumer cooperative must provide more active assistance toward this end by selling the necessary tools of labor, organizing the procurement of agricultural surplus and including it in retail commodity turnover.

The 10th congress of consumer cooperative officials specified that by the end of the next five-year plan, purchases of meat from the population and the output of meat in the cooperative network's private facilities should reach 1 million tons a year in dressed weight. Plans also call for annual purchases (with contracted prices) of up to 1.5 billion eggs and approximately 7 million tons of potatoes, vegetables, grapes and fruit.

The successful attainment of these objectives will necessitate the institution of new organizational forms, the universal conclusion of long-term contracts with the population, the creation of a permanent procurement staff and the construction of more than 15,000 all-purpose procurement centers in the next 5-7 years.

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The organization of a public dining network is an important part of the activity of consumer cooperatives. Commodity turnover here is growing just as quickly as in state trade. For example, it was equivalent to 1.9 billion rubles in 1965, it rose to 2.8 billion in 1970 and by 1979 it had risen to 4.2 billion rubles. During these years its volume increased 2.3-fold. Nonetheless, public dining's share of total commodity turnover in the consumer cooperative network is still negligible--slightly over 6 percent--while its share in the system of state trade is around 11 percent. Public dining in rural areas accounts for only 2.7 billion rubles of the total turnover of 22.9 billion, or slightly more than one-tenth of the total.

Under the conditions of the industrialization of agriculture, the deeper specialization of kolkhozes and sovkhozes, interfarm cooperation and agroindustrial integration, the demand for a developed system of public catering in rural areas is rising sharply.

Its development can be ensured most effectively through close interaction by the consumer cooperative network with kolkhozes and sovkhozes. The decree of the CPSU Central Committee and USSR Council of Ministers on the Further Development of Consumer Cooperatives envisages measures to expand the network of public dining enterprises in sovkhozes and other state agricultural enterprises so that by 1985 each central farmstead will have dining halls meeting the latest requirements. Kolkhozes have been advised to assist consumer cooperatives in the construction of public dining enterprises.

The consumer cooperative's own industrial production, with a volume exceeding 5.5 billion rubles a year, also plays a noticeable role in the inclusion of commodity resources in retail turnover and the fuller satisfaction of public demand. It is no secret that the industrial processing of products on kolkhozes and sovkhozes can also be measured in billions of rubles and that the processing volume increases with each five-year plan. The need for close coordination and collaborative planning in this sphere of activity is becoming increasingly evident because separate efforts often lead to duplication, to the dissipation of funds and resources among numerous parallel projects with the same territory, to interdepartmental friction and to considerable losses in the overlapping jurisdictions of various organizations and departments. The decisions of the 26th CPSU Congress stipulate the need for better economic interaction by industrial, agricultural and trade organizations.

The reinforcement of the technological, economic and socioeconomic interrelations of partners operating within the territory of an administrative region is a common progressive trend today, which is attested to by the experience, however slight, accumulated in a number of oblasts in the Ukraine and the Russian Federation. This aids in the more efficient use of existing resources, the improvement of the quality and the enhancement of the effectiveness of economic activity in all links of the production, shipment, storage, processing and sale of consumer goods, the better and quicker development of the production and social infrastructure and the fuller satisfaction of rural public demand.

The creation of interfarm organizations through the joint efforts of kolkhozes, sovkhozes and consumer cooperatives for the procurement and processing of agricultural products and natural resources will promote the quicker development of the material and technical base of this sphere of activity, which is acquiring increasing importance. The reinforcement of the economic interests and financial liability

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of these partners, as their past activity in several parts of the nation has demonstrated, will ensure a dramatic decrease in losses of many types of perishables and non-standard products and a corresponding increase in commodity stocks. This will bring about a significant increase in public income, derived from the timely sale of the surplus products of subsidiary plots, wild fruits, berries and mushrooms, and so forth.

Close interaction by consumer societies with kolkhozes and sovkhoses will produce an economic impact in all spheres of their activity: in construction, production, procurements and the shipment, storage and processing of products. It will provide stores and dining halls with larger grocery stocks and will ensure the development of the material and technical base of cooperative trade. Consumer cooperatives and agricultural enterprises operate within the same territory and serve the interests and needs of essentially the same segment of the population--the laborers in the kolkhoz-sovkhoz production sphere, who are simultaneously shareholders in consumer cooperatives and members of kolkhoz and sovkhos production collectives. This is why the need for closer technological, economic and socioeconomic cooperation by these organizations is dictated by their functional purpose.

## The Enhancement of the Consumer Cooperative Network's Effectiveness

The heightened effectiveness of all branches of cooperative activity is a key matter, particularly with regard to the steady rise of such indicators as labor productivity, the return on capital, profitability and customer service. The present comprehensive work to heighten the efficiency of rural trade involves not only the technical remodeling and re-equipping of trade enterprises and a transfer to progressive forms of service and methods of labor, but also the improvement of their organizational and technical interaction with their partners and with the entire national economic complex. This work is aimed at maximum improvement in the quality of their work and the effectiveness of their functioning, the institution of better working conditions for the personnel of cooperative enterprises and establishments and the organization of quicker customer service.

In the system of measures to heighten the efficiency of trade, as speakers noted at the 26th CPSU Congress, an important place is occupied by the concentration of commodity stocks primarily within the wholesale trade network and the assignment of greater responsibility to wholesale bases for the uninterrupted provision of stores with the necessary product assortment and the responsibility of stores for the constant maintenance of commodity stocks in the proper assortment.

As we know, the total number of employees of retail trade and public dining enterprises, just as their relative number in the total employed population, has constantly risen as the socialist economy has developed. The figure was 6 percent in 1965, 7 percent in 1970 and 8 percent in 1979. The number of retail trade and public dining employees in the nation rose from 4.4 million in 1965 to 7.2 million in 1979, including a rise from 1.2 million to 1.9 million in the consumer cooperative network, which represented 27.3 percent of all workers in this branch in 1965 and 26.4 percent in 1979. The consumer cooperative network's share of total retail commodity turnover is now equivalent to 27.9 percent. Therefore, commodity turnover per worker in the consumer cooperative network is approximately equivalent to this indicator in the state trade network, despite the fact that the objective conditions of its activity are more complex due to the territorial dispersion of the rural population, the less favorable transport conditions and several other factors.

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Suffice it to say that one-third of the stores are operated by a single clerk. Many of the public dining enterprises are small cafes, lunch rooms and cafeterias.

The level of commodity turnover profitability and operating costs is an important indicator of the economic effectiveness of trade enterprises in general and co-operatives in particular. Within the consumer cooperative system these indicators have been almost stable for the last decade. For example, profits from product sales in relation to commodity turnover constituted 1.9 percent in 1965, 2 percent in 1970 and 2.1 percent in 1979, and in relation to overhead costs the respective figures were 22.8 percent, 23.4 percent and 23.8 percent. In state retail trade these indicators were 2.8 percent and 36.4 percent in 1979. The lower profitability level in the consumer cooperative network in comparison to state trade is due to several of the objective factors listed above, over which trade organizations have no control. Some consumer cooperative organizations operate at a loss. This applies above all to consumer unions in Siberia and the Far East, where the level of trade discounts precludes profitability.

Profits from the sale of goods in the entire consumer cooperative system totaled 586 million rubles in 1965, 930 million in 1970 and 1.502 million in 1979. During these years, other spheres of the cooperative network, such as procurement, transport, construction and production, operated effectively. In particular, profits from the production activity of cooperative enterprises rose from 312 million rubles in 1965 to 560 million in 1978.

Most of the profits earned by the consumer cooperative network remain at the disposal of consumer societies and unions and are used for the modernization, reinforcement and development of the material and technical base of trade and the satisfaction of the cultural, personal and socioeconomic needs of cooperative enterprise labor collectives.

The consumer cooperative network contributes part of its profits to the state budget in the same way as the kolkhozes, by paying an income tax at a fixed rate. The kolkhozes turn over no more than 25 percent of their total profits, with the exact rate depending on their level of profitability. The consumer cooperative network pays out 35 percent of its profits in the form of an income tax, regardless of its profitability level.

The consumer cooperative network, just as the kolkhoz sector, relies on the use of public property as well as its own resources in its activity. The socialist society has an interest in the maximum reinforcement and improvement of kolkhoz-cooperative ownership, its convergence with public ownership and their close interaction for the fuller satisfaction of the demands of the laboring public.

The consumer cooperative network's increasingly important role in carrying out plans for the economic and social development of the country will require more efficient work of better quality by all of the links of this system and the further reinforcement of this network's interrelations with other spheres of the socialist economy within the boundaries of the nation's agroindustrial complex.

Speakers at the 26th CPSU Congress stressed the need to "provide maximum assistance in the further development of the consumer cooperative network, the encouragement of its economic initiative and its activity to improve trade and public dining services in rural areas and augment raw material and food resources."

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

REGIONAL DIFFERENCES IN RETAIL TRADE

Novosibirsk GEOGRAFIYA I PRIRODNYYE RESURSY in Russian No 2, Apr 81 (signed to press 26 September 1980) pp 24-29

[Article by I. V. Nikol'skiy, Moscow State University: "Regional Differences in Retail Trade"]

[Text] In connection with the natural, social and economic features of various USSR territories, geographic differences in trade are manifested basically at three spatial levels: I -- zone or rayon; II -- local; III -- developed (within a population center or city). At each level, retail trade development is influenced by an aggregate of certain factors -- natural, social, economic and demographic.

At the zonal level, the leading role is played by population (size, natural increment, distribution), climatic conditions, level of productive forces development, material well-being of the people and effective demand, differences in consumption of food and nonfood goods, and transport services in the territory. At the local level, retail trade is influenced by (in addition to zonal factors) large urban agglomerations and health resorts of national importance. At the development level, such basic factors as population concentration, effect of central facilities, economic and social functions of the population center, the transport-geographic situation and trade services (in addition to zonal factors) play a role.

Description of Retail Trade Development Factors.

Population is one of the primary factors influencing retail trade turnover. Population size and distribution determine the distribution of retail trade turnover volume by rayon. Per capita trade turnover is one of the basic indicators describing the availability of goods to the population and its material well-being in a regional cross-section. For example, given an average per capita trade turnover of 964 rubles in the USSR in 1979, it fluctuated from 561 rubles in TaSSR to 1,418 rubles in EsSSR. Urbanization of a rayon influences the rise in per capita trade turnover. The Baltic republics are distinguished by high per capita trade turnover for one reason because the proportion of the urban population there is higher than the national average. The low trade turnover in the Central Asian republics is to be explained in part by the low proportion of their urban populations. In the cities, trade turnover is ordinarily two-fold or more higher than in rural areas. The higher trade turnover in the cities is determined by an aggregate of factors, but of considerable importance is the fact that some goods are sold to people visiting from other regions.

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The high natural increment in the Central Asian and Transcaucasian population affects the relatively higher rates of overall trade turnover growth, but its per capita growth is disproportionate to the population increase. The light population density and sparsely populated settlements resulting from the nature of the residents' production activity (pasture stockraising in the semi-deserts and deserts of Central Asia and hunting and reindeer herding in the North) cause difficulties in setting up a trade network and meeting the demands of the population for goods.

Climate influences trade in the entire zone directly and indirectly. It is a necessary ecological condition to developing cultivated plants, household and small-scale stockraising. Climate causes the production of various agricultural products to be seasonal in nature and influences the distribution of such production.

The direct influence of climate on retail trade turnover has its effect on differences in the demand both for food products and for nonfood goods. Harsh climatic conditions increase the demand for food products, clothing, footwear and fuel, which determines a higher trade turnover in regions with such a climate, other conditions being relatively equal, than on average for the country. Here, we note a higher consumption of fats, primarily those of animal origin. The unionwide average norm of fat consumption, according to data from the Academy of Medical Sciences, is 3,600 calories per day per person; in Siberia, the norm is 3.9 percent above the union average, in central regions -- 3.2 percent below it, in Central Asia -- 3.5 percent below it, and in regions of the Far North -- 15 percent above it. According to Academy of Medical Sciences norms, an adult requires an average of 70-100 grams of fat per day, but 150-160 grams in a cold climate. Expenditures on acquiring clothing and footwear are 25-30 percent higher in northern regions than in the center (1).

The unfavorable conditions of the Far North and equivalent regions determine the necessity of delineating zones of higher wage rates, salaries and supplement percentages. Regional wage coefficients in the Far North and equivalent regions are from 2 to 1.2. Moreover, wage supplements for length of employment in the North are 10 to 100 percent, but not more than 300 rubles per month, in regions of the Far North. The average wage in Murmanskaya Oblast is 83 percent higher than the RSFSR average (2), which is to be explained by the use of regional wage rate and salary coefficients, including Arctic supplements. Moreover, branches of industry in which wages are higher than in other oblasts are well-developed in Murmanskaya Oblast. Wages also depend on the geographic location of production. Thus, given an overall regional wage supplement coefficient of 1.5 at "Apatit" combine, the same coefficient is 1.7 at the high-mountain "Tsentrallyy" mine.

Specialization of a region for particular branches of industry and agriculture not only determines the creation of commodity stocks, but also influences the distribution of trade turnover in the region. Industry is concentrated in the old cities or forms new industrial settlements and then cities, which become trade centers concentrating a significant portion of the trade turnover in the region. Certain industrial enterprises are directly associated with trade organizations. Local industry, which first of all meets the needs of its own region, is of great importance to the development of trade. Large sovkhoses and kolkhozes facilitate the development of trade enterprises on their own territories, usually on the central farmsteads. Regional differences in the status of subsidiary agriculture for the personal use of kolkhoz members, workers and employees influence trade turnover volume. In regions of the North with limited opportunities for developing private subsidiary farming,

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the demand for purchased food products is higher than in regions with fruit-vegetable-stockraising subsidiary farming, which meets a portion of the foodstuffs demand.

The influence of the material well-being of the population on trade is determined foremost by the particular economic profile of the region. In regions with developed industry, especially metallurgical and chemical, the average monthly worker wage is highest, and revenues are consequently higher for each family member.

The average monthly wage for workers and employees in 1979 differed significantly by branch of the national economy. For example, the average monthly wage of workers in industry nationwide was 180.4 rubles, of engineering-technical workers -- 208.9 rubles; sovkhos workers received an average of 144.9 rubles; agronomists, animal husbandry specialists and engineering-technical personnel -- 186.7 rubles; transport workers -- 192.8 rubles; construction workers -- 196.7 rubles, workers in public education -- 133.3 rubles. Workers in the RSFSR and the Baltic republics were above the unionwide average monthly wage, and they were below it in the UkSSR, BSSR, the Transcaucasian and Central Asian republics. The average monthly wage level of workers differs by branch of industry. In coal, chemical, fishing, petroleum, metallurgical and mining-chemical industry, it is 30-35 percent higher than in light, food and wood processing industry.

An increase in incomes causes a greater demand for consumption of high-quality food products and durables. Families with incomes of up to 600 rubles per family member per year spend six times less on furniture and household goods than families with incomes of upwards of 1,500 rubles per year. Expenditures on purchases of fabric, garments and cultural goods are four-fold less in families of the first category than in families with the higher income (3).

The amounts of consumption of individual goods depend substantially on the level of average per capita income in the family. As monetary incomes grow, so does the demand for higher-priced goods, which increases trade turnover. The material security of the population influences not just the amount of trade turnover, but also its structure. For the country as a whole, as the material level of the Soviet people has risen, average annual per capita consumption of bread and grain products has dropped sharply, from 200 kg in 1913 to 149 kg in 1970 and 139 kg in 1978.

Regional differences in the consumption of food and nonfood goods influence trade turnover and its structure. The highest per capita level of grain products consumption is observed in the Transcaucasus, as in Georgia for example, where it is 30-35 percent above the USSR average. Consumption of grain products is higher in Central Asia and Moldavia and lowest in the Baltic republics, where the level of consumption of meat, dairy and fish products, as well as vegetables and potatoes, is highest. National features and traditions manifest themselves in the consumption of certain foodstuffs. Thus, in Central Asia and the Caucasus they prefer mutton as a meat dish, in the Ukraine -- pork, and in Central Asia, Southern Kazakhstan and Yakutia -- horse-breeding products. A large amount of tea is consumed in Central Asia. The higher demand for silk and cotton fabric in Central Asia is associated with national and climatic conditions.

The importation of goods into regions distant from rail and water routes is done by motor transport and air, causing additional transport outlays. Road conditions and the location of airports relative to the trade network influence the amount of trade turnover. Delays in delivering goods due to poor transport services reduce trade turnover volume.

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## Local Trade Turnover Differences.

The effect of large urban agglomerations on trade is manifested in the concentration of per capita trade turnover in cities, especially in the primary center of the urban agglomeration. Trade turnover in the center increases due foremost to working trips by the population, which usually involve purchases of goods. Customers from other regions outside the urban agglomeration travel to the administrative-economic center. The reverse flow, from the large cities of an agglomeration, is to park zones, recreation areas and dachas on days off, and increases trade turnover at certain points in the suburban zone, primary in foodstuffs. In several oblasts, the urban agglomeration encompasses more than 70 percent of the oblast urban population.

Thus, the Novosibirsk agglomeration concentrates more than 80 percent of the oblast urban population and 15 percent of its rural population. The agglomeration comprises dacha-type villages and special recreation spots. Servicing them causes trade turnover fluctuations and results in the creation of a seasonal small-scale trade network in places of temporary population concentration.

Health resort areas of unionwide importance are specific regions with characteristic trade features at the local level. They are distinguished by significant seasonal fluctuations in trade turnover and peculiarities in its structure, to be explained first of all by the seasonal unevenness in the size of the population. In health resour areas, trade turnover grows not so much to meet the needs of the local population as due to the large number of people visiting for recreation or treatment. For example, the entire population of Krymskaya Oblast was slightly more than two million in 1978, while the Crimea had about 10 million people visit in organized and unorganized groups. At the Black Sea health resorts of the Northern Caucasus (Anapa, Greater Sochi, Gelendzhik), the number of organized vacationers will have increased from 1.8 million in 1975 to 2.3 million in 1980 and unorganized -- from 1.6 to 3.1 million, according to calculations by Yu. M. Lobov (4). In the 1970's, the number of people visiting Riga and the Riga seashore health resort zone from other republics was about 3.6 million (5).

The increase in trade turnover in health resort regions during the season is observed primarily in the cities. A temporary small-scale trade network (tents or booths) is set up right at the recreation areas (near the beaches), which also influences trade turnover growth during the health resort season.

## Trade Differences At the Development Level.

The number of people in population centers is one factor determining trade turnover at the development level. Trade turnover amounts, as has already been noted, depend on an aggregate of factors. In the large village or city, other conditions being equal, trade turnover increases.

Influence of central places on trade turnover amount. The well-known concept of central places, developed by V. Kristaller, is based on a hierarchy of settlements in which a certain number of settlements (K) is always subordinate to any point. V. Kristaller used the best geometric shape, a hexagon, which permits filling the entire territory being examined. Given  $K=7$ , six settlements are distributed about each center (the seventh is the center). The central place serves the whole clientele in each of the points gravitating towards it. The whole clientele may not be

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oriented towards a single central place. It may be distributed equally among two centers, in which case  $K=4$ , that is, each place provides  $\frac{1}{2}$  unit for each of the six and the central place counts for one unit. Given  $K=3$ , each place accounts for  $\frac{1}{3}$  of the clientele, and so forth (6).

V. Kristaller had in mind an idealized territory in which transport outlays would grow proportionally to the distance from the center. It has been established in practice that the zones of gravitation towards the larger cities differ as a function of the features of transport networks linking them, independently of even or uneven distribution of the settlements. Trade centers of identical size attract more customers the better the availability of cheap transport to them. The population is more willing to visit its administrative center than a larger, closer city of different administrative subordination. For example, residents of Chimkent'skaya Oblast in Kazakhstan travel more often to their own oblast center, Chimkent, than to the larger city of Tashkent in Uzbekistan, which is right next door. The population of a lower network gravitates foremost to its own closest trade enterprise, then (in order) to the center of the administrative region, the oblast center and the union republic center.

A concentration of central places can apply to trade within a large population center or city as well. Trade turnover in the central portion of a city is higher than on the outskirts.

Influence of economic functions of population centers on trade. The functional features of a population center determine the size of the turnover in its trade network. Thus, trade turnover increases in large centers performing industrial, health resort and transport functions.

In rural settlements (except for administrative-economic centers), the trade network is located in centers associated with trade-distribution or cultural and health-protection functions. A convenient transport-geographic location, as for example near a busy highway, results in the organization of trade enterprises in a population center to serve not only its own population, but also passengers in transit.

Retail trade turnover growth also depends on the efficient territorial organization of trade in a population center. In cities with single- and two-story developments, it is most efficient to locate food stores with a minimum floorspace of 250 m<sup>2</sup> and a service radius of 800-1,000 meters (7). Improving the forms of trade services to the population is of great importance to trade turnover growth.

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