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USSR REPORT

CONSUMER GOODS AND DOMESTIC TRADE

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HOUSING AND PERSONAL SERVICES

KISSR TRADE MINISTER ANSWERS LETTERS OF COMPLAINT

Frunze SOVETSKAYA KIRGIZIYA in Russian 11 Jul 85 p 2

[Interview with Aleksandr Nikitovich Zheleznov, KISSR trade minister, by N. Kucheruk: "Roubles Are Formed from Kopecks... : Are the Reasons the Republic's Goods Turnover Plan Is Being Frustrated Really Inevitable?", date and place of interview not given, introduction, questions and editor's note printed in boldface]

[Text] Actual Interview

The semi-annual goods turnover plan has been 96.3 percent completed by the republic's trade organizations, among them the basic asset holder--the KISSR Ministry of Trade, which completed 94.6 percent of the plan. This means that the republic's budget did not receive a significant amount of money, but, what is most important, many customers left stores without any purchases, their demand unsatisfied. What is being done to overcome the shortfall? KISSR Minister of Trade A. N. Zheleznov answers this question.

[Answer] Our main task now is to implement locally a wide range of measures which will enable us to recoup losses from the reduction in the sale of alcoholic beverages amounting to tens of millions of rubles. Indeed, in May and June the network of stores selling wine and vodka products has been reduced by more than half and in public dining places such sales have been reduced by two-thirds. The sale of wine and vodka products has also decreased in those stores permitted to sell them as a result of various restrictions. Of course, the reduced sale of alcoholic beverages is not the only reason for the frustration of the goods turnover plan, but it is still very, very significant. Our system's situation is so complex that we have to mobilize all our reserves and work, as never before, with initiative and resourcefulness. Only with such organization of the matter can we figure on overcoming the shortfall and successfully completing the plan.

[Question] What kind of measures are being taken?

[Answer] Even before the reduction in the sales volume of alcoholic beverages our stores were experiencing shortages of goods. Here is a simple estimate:
the increase of the Ministry of Trade's goods turnover for the current year has been set at 5.8 percent, but among our suppliers, no matter which one, it is significantly lower--only 0.7 percent, and so on. It is a fact that we began the year under conditions in which the goods turnover was not supported by assets in the amount of 119 million rubles. It is clear that trade will have a hard time of it without the help of its partners.

Trade could, for example, easily sell, in addition to the nearly 1,000 tons of cakes forthcoming from the republic's Ministry of the Food Industry's planned production, up to 1,000 tons of wafers, candied fruit jelly, pastilas and fruit drops. These easily produced products are enjoying increased consumer demand. However, our partners in the food industry have, by far, not satisfied this demand completely up to now.

As has been said, cotton knitted wear could be sold right off the spinning wheels, however, the Ministry of Light Industry's production plan for these items settled on 5-10 percent less than what was possible. The demand for men's footwear has also not been satisfied, nor for footwear of school-age girls.

[Question] The list of goods for which demand has not been satisfied could go on and on. A lot has been written on this topic in letters to the editors. For example, Ivanov, Akhmatov, Tashmatov, Khon, Kimm, Safurov and Vinogradov from Frunze and R. Isayev from (Kaind) Station write that they can not buy footwear for their children in sizes 10, 11, 12, 13 and 14. N. Chipkov, from the village of Mayevka, and L. Starodubtseva, from the village of Budennovka, wrote that there are neither adult clothes nor wide-width footwear for sale. How many customers and their money have been lost as a result? In all probability, is not only industry at fault in this, but trade as well by being insufficiently persistent in upholding the interests of the customers?

[Answer] Absolutely. It is evident that we are insufficiently persistent when placing orders. Moreover, wholesale bases, and especially stores working in direct connection with industry, poorly control maintenance of their partners' growth and size ranges. Many of our goods managers are educated and also experienced, but clearly do not have enough common sense. We will correct the situation, going in several directions at the same time. On the one hand we will increase demand from our workers and, on the other, we will strengthen our contacts with industry. In particular, with regards to the questions of product assortment and quality, we will conduct a joint collegium of three ministries--Trade, Light Industry and Local Industry--which we hope will help improve our mutual relations. The latter is still especially important because we have gone to the republic's Gosplan and other departments with requests to obligate industry to give us additional goods in the amount of 40 million rubles.

[Question] The idea has been expressed in letters from many readers that trade pursues the path that is comfortable for itself: it tries to fulfill the plan based on costly products and in doing so it means that people with average incomes are not considered as customers and this causes damage to the fulfillment of the goods turnover plan. For example, one reader writes that the
stores are overloaded with expensive crystal chandeliers, but an inexpensive modern lamp can not be found. The same is true for serving sets, especially dinner service. Kerosene lamps and glass for them, inset door locks and padlocks, materials for apartment maintenance and dozens of other goods have become rarities.

[Answer] To be frank, up till now we thought that everything was alright as far as lamps go. Evidently we will have to investigate this group of goods. The stores ought to have goods for people of any income level. I hope to correct the situation regarding other goods as well. The fact is, at the beginning of the year the Ministry of Trade went to the corresponding departments with requests for the distribution to the republic's enterprises of orders for the production of a number of the most basic goods, such as, for example, table knives, juicers, plastic baths, wash basins and blueing, with a total cost of 54 million rubles. Orders were accepted for 28 million rubles. However, except for the Ministry of Light Industry, no one has yet made any progress on these orders.

Now we are taking steps to have the ministries and Union-subordinate enterprises fill all the orders placed. At the same time we are seeing to it that the goods will reach the customers quickly. We are expanding our open-air trade. On days off it will be conducted in 500 places, including 3 fairs in Frunze, and on weekdays in 200-250 places.

[Question] With the arrival of hot weather the demand for non-alcoholic beverages has increased. Indeed, this is also a resource for boosting revenue...

[Answer] This resource has been taken into account. While reducing the sale of alcoholic beverages we are expanding that of non-alcoholic ones. The Ministry of Trade is requesting the Ministry of the Food Industry to increase its production. In particular, we are requesting that it adjust the output of beverages, including kvass, at the Osh distillery and in the Talas Oblast and at the Kant sugar refinery that they organize the production of the company beverage "Dzhayloo." Even now the network of stores selling non-alcoholic beverages has been expanded and in the Ministry of Trade system they are being sold in 602 groceries and 175 stands, in 820 automat and semi-automats and in 240 tank trucks. As a result, for the half year the sales of these beverages greatly exceeded the previous year's volume, and ice cream sales used up the supplies produced.

Moreover, in the course of the year, just in Frunze alone, 10 specialized customer fast service enterprises (pancake shops, cafes, pastery shops) will be opened, where fruit juices, coffee, tea, etc. will be sold. More than 20 such enterprises will be opened in Osh in the course of 1985-1986.

[Question] It is evident, Aleksandr Nikitovich, that not much has been done in this area. This is rather unsatisfactory. Otherwise, how can you explain why now, in this hot weather, even in the republic's capital, it is difficult to quench one's thirst, even in places where the people of Frunze and guests gather, such as the Osh Bazaar, the section of the boulevard between the
"Aychurek" TsUM [Central Department Store] and the "Thousand Small Things" store?

[Answer] I admit that the soda water automat there often do not work. The water pressure is weak. We have repeatedly mentioned to the Frunze and Tokmak gorispolkoms the necessity of helping us with this problem, but there has been no progress.

[Question] Why was this circumstance not taken into account during the summer season preparations? It certainly is not something new. The readers of "SOVETSKAYA KIRGIZIA" have recommended, for example, that in places where the water pressure is weak there should be tank trucks with kvass and fruit juices instead of automat and that the fruit juices be chilled, not sold warm.

[Answer] We are expanding our capabilities for selling refrigerated beverages. But we are being hampered by lack of labor.

[Question] But would it not really be possible to enlist the services of pensioners, housewives, students and older schoolchildren in this trade? They could manage quite well if they were supplied with paper cups. The people enlisted could also manage to sell pastries and dumplings, all the more so, since the public caterers are capable of producing them. This would be a real street trade--lively and mobile.

[Answer] We are enlisting students from the trade technicum and the cooking school for street vending. Evidently, the practice of enlisting other categories of the populace for vending 2-3 hours a day needs to be expanded. By the way, as far as starchy food products go, we ourselves have long felt that people are pretty well fed up with the current assortment of them--plum cakes and shortcakes--and we are now revising it.

[Question] Generally, after 8 pm all trade comes to a halt. This does not include restaurants. Yet, in the summer and early autumn, people, especially the young, go out for walks at this time. There is no place for them to buy a glass of soda water and eat ice cream or pastry. Why isn't this resource for boosting revenue being used?

[Answer] In point of fact, evening trade is a significant resource. The ministry is studying its use. For a start, together with the gorispolkoms, we will be reviewing which cafes in the city can and should have their operating hours extended to 21-22 hours, and in which places it is necessary to organize seasonal trade--hawking and street vending under umbrellas.

We will be trying to mobilize all these forces in order to gradually raise the goods turnover rate and overcome the shortfall.

Editor's Note: With great satisfaction we have noted that, while this material was being prepared for publication, the Ministry of Trade staff conducted a joint collegium of three ministries where, in particular, the customer complaints brought out in the interview were discussed. This allows one to hope for an improvement in the assortment and quality of goods. In the republic's
capital there has been a notable increase in seasonal vending spots. Improvised cafes under umbrellas have appeared on Soviet Street, near the "Son-Kul" cafe and in other places. However, there is still one major thing remaining to be done in order to raise the organization of trade in the republic to a new level—to coordinate it with customer demand. The editors of "SOVETSKAYA KIRGIZIA" are placing this work under the control of the public and are asking the readers to send in their own comments, desires and suggestions.

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CSO: 1827/203
RUTGAYZER REACTS TO CHANGES IN EVERYDAY SERVICES

Moscow IZVESTIA in Russian 9 Aug 85 p 2

Interview with V.M. Rutgayzer, head of a department of the Scientific Research Economics Institute (NIEI) of USSR Gosplan: "The Problem: Services for Pay"; date and place not specified; passages enclosed in slant lines printed in bold-face in source/

Text /The time comes when each of us develops an acute need for this or that service. There are so many of them, and at the same time so few, and they do not yet fully meet our needs. Then, we rightly complain that a shoe repair shop works badly, that there is nowhere to repair an umbrella, and that an auto repair service turns into an anti-service./

/On the quality and quantity of the various services depends the satisfaction of the needs and the mood of the people. Their growth is envisaged by a comprehensive program for the development of the production of consumer goods and the services sphere which is currently being worked out./

/The services sphere, its condition and developmental prospects, are the subject of the discussion of the IZVESTIA correspondent with USSR Gosplan NIEI department head, doctor of economic sciences and, professor V. M. Rutgayzer./

Question /Lately, we have been talking a lot about paid services. What are they?/

Answer They are the services for which we pay: consumer services, tourist passes, public utilities, public transportation, communications, various paid courses, entertainment, the use of self-financing medical clinics, and so forth. Willingly or not, the existing planning stereotypes tie the money income of the population only with goods. Income goes up—the sale of goods should go up as well. And what about services? When plans were being developed they were the last to be remembered.
The lag in the development of paid services skewed the structure of consumption; there appeared a slant toward "things" in consumption which did not reflect the composition of today's needs.

**Question:** What did it lead to?

**Answer:** The share of paid services in the disposition of the monetary incomes of the population was going down. Unfulfilled demand was increasing and savings were rising disproportionately. This weakened the stimulative function of payment according to labor. The growth of paid services is particularly slow in the countryside: at the same income levels, expenditures on paid services there are approximately 2.5 times lower than in the cities.

All this resulted in a noticeable growth of the 'moonlighter (levak)." Plus, his services have the following advantage: they take approximately 1.5 times less time than those of a government enterprise. And the quality is often higher.

The situation called for the development of a special program for the development of paid services.

**Question:** What needs to be done? What exactly, in your opinion, should be changed in the planning of paid services?

**Answer:** First of all, managerial independence and the initiative of the enterprises and organizations in this sector themselves should be encouraged. There is a need for more flexible forms of economic self-sufficiency and economic interactions directed to the satisfaction of consumer demand.

The center (the ministries) must be further freed of the responsibility to make specific decisions in development of paid services -- all this should be concentrated locally. This will broaden the functions of the local authorities in coordinating the services provided by various enterprises, regardless -- and this I would particularly like to stress -- of their bureaucratic affiliation or the basic output they produce. The ministries of consumer services could then spend more time on long-term planning and the development of fundamentally new types of services. Much can be achieved also by extensive use of nontraditional forms of employment and the possibilities offered by small enterprises.

In this sector there must be, if you will, the rule of the consumer.

**Question:** What role in the growth of services could be played by small enterprises?

**Answer:** I think that they, at least as far as consumer services are concerned, present a vast untapped potential. We still realize very little the economic possibilities of small enterprises. Until recently, our whole practice was directed toward enlargement. And some economists very conveniently "found" reasons to support it.
Perhaps, it would be expedient to break up some excessively big service enterprises, but not, of course, on the principle of creating three managers where there used to be one. And in any case, in further developing the service sector the role of small enterprises should not be forgotten.

[Question] /What else needs to be done for the development of paid services?/

[Answer] The USSR Central Statistical Administration's Instruction I-Living Conditions strictly regulates what exactly should fall under consumer services. This discourages initiative and discourages the search for new kinds of services. If one agrees that such an instruction should exist, then it must be updated regularly. Gosplan would then be able to make plans for new kinds of services at least for the following year.

[Question] /Which services, for example?/

[Answer] Among them, essentially new services responding to the needs of amateur gardeners: a full range of services -- from helping to deliver construction materials, to build a cottage and to clear a plot of tree stumps, up to the repair and protective maintenance of machinery and equipment, the providing of agricultural and legal advice and the transporting of the crops home or to state collecting centers. I think that this can be done by specialized firms as well as-by enterprises whose workers are united in orchard and gardening cooperatives.

Now all enterprises and organizations will have targets for providing paid services to the population. The exact composition of those services will be determined by demand, and the demand for services related to gardens and orchards is enormous.

Great possibilities for providing information services are offered by combining domestic means of communication, the television and the telephone, with access (vykhod) to the information networks for trade, consumer services, health services, etc. Technology here allows one to save the time not only of the consumers but of the service personnel. You will not have to wait for a news program to get a weather forecast; moreover, you will be able to see airline departure and arrival timetables on your television screen, get information about new titles at the bookstores, and a lot more. Unfortunately, these services are still in the planning stage. Yet, all this is quite possible.

Even now Gosplan recommends introduction of many new services. Thus, no capital investment or equipment is required for such services as theater ticket orders, information about the availability of this or that item in the stores and its "reservation" the answering of various questions and inquiries, for instance, of a legal nature, etc.

The magazine SLUCHIT BYTA once published a cartoon depicting a consumer service enterprise incubating chickens on customers' orders. The authors apparently thought that this does not belong among the services offered to consumers. And why not, if there is demand for such a service?
For a long time, for instance, there has been a need for an agency where you
could not only get a train ticket, but at the same time reserve a hotel room
and, incidentally, rent water skies and get a tape recorder fixed."

/Question/ /What do you think is the organizational variant for the services
sphere that is most convenient for consumers?/

/Answer/ In principle it is most convenient to get services where you live or,
at least, not far from home. They must, as it were, surround the consumer.

This is not an easy problem. And the question is not only what resources,
materials, or legal rights the local soviets have, but the fact that many of
the most vital services are subsidized by the state. These include housing
public utilities, transportation, and the theater. When they add one ruble's
worth of services, the local authorities must worry about finding another 40
kopeks (there are calculations that prove that this is precisely so) to compen-
sate for this expansion. This gives rise to an important demand on the paid
service sector: most of them should stop being money-losers. The way out here
is conservation of resources and, here and there possibly price correction.

/Question/ /Resource conservation has now acquired great significance in the
development of the economy. How does it apply to the service sector?/

/Answer/ Studies show that to provide 1 million rubles worth of paid services
requires more capital investments and labor than to produce the same amount
of consumer goods. It is clear that we should look for ways to expand services
while conserving resources. I think that one way to do it would be additional
work above the statutory eight-hour shift (or on Saturdays) under contract
with the enterprise.

There are people in the service sphere, especially among the young, who want to
earn money to obtain apartments and furniture and to travel. Would it be better
if that money were earned by the "moonlighter?" The work could be entirely
organized within existing overtime funds.

/Question/ /What can be said about improving the work of tailors, shoe-repair-
ers and household appliance repairers? What ways are, in your opinion, the most
promising?/

/Answer/ First of all, we should improve the efficiency of the work of existing
personnel, increase work at home, and encourage the holding of more than one
job which now makes up a meager share -- less than one percent. And one more
possibility -- it is not used at all now -- an association for the work of
individuals which now assumes the distorted forms of "under the counter services."
Ideally, these should be brigades of people associated with state services enter-
prises. An enterprise organized along these lines would exercise a kind of
"guild control" over the qualifications of its employees. Service enterprises
could also be organized on the cooperative basis.
A few words about the experiment which is now being conducted in the service sector. One of its goals is to provide services first and foremost to the population, just the population and not to enterprises and organizations. This is very good. On the other hand, even here not everything, in my opinion, has yet been solved.

For instance, the pricing system for services could be substantially improved, and the income from the small quantities of goods produced by consumer service enterprises separated from the services proper.

We are doing a lot to improve paid services and additional resources are being provided. But, as experience has shown, it is not only and not exclusively a question of resources. The most important thing is to encourage good work for the consumer. In this respect, the results of the experiment are valuable not just for consumer services. For instance, the contract labor-payment system, under which the brigade turns over a fixed share of its earnings to the enterprise, effectively stimulates increases in the range of services offered and improvements in their quality. And it is quite suitable to be also introduced, for example, in film lending services, vacation homes, small shops or cafes.

The party has set the goal of changing the service sector for the better in the very near future. The idea is to sharply increase the volume of services, to fundamentally improve their quality and to introduce new, convenient forms. What needs to be done? Much that is useful can be found in the experience of the fraternal socialist countries. Much can be learned from some of our cities, oblasts and republics. We invite consumer service specialists, scientists and the readers to express their opinions on this subject.
HOUSING AND PERSONAL SERVICES

MOSCOW TV PHONE-IN PROGRAM ON CONSUMER SERVICES

LD252350 [Editorial Report] Moscow Television Service in Russian at 1505 GMT on 24 September carries a 90-minute live discussion program entitled "Problems, Enquiry, Solutions," replying to viewers' questions on consumer services. In the studio moderator L A Voznesenskiy is seated at a roundtable with V A Shamshin, USSR minister of communications; A G Yashin, first deputy chairman of Tsentrosoyuz; V K Moskalenko, chief of the combined department of social problems and population of the USSR Gosplan; I G Dudenkov, RSFSR minister of consumer services; V I Popov, RSFSR minister of housing and municipal services.

Viewers are given a list of 20 telephone numbers and are invited to submit questions. Throughout the program telephonists sitting in booths around the studio are seen typing messages, which are regularly collected and brought to the chairman.

Moskalenko begins the discussion by noting that it is now partly policy to expand the consumer services sphere of the economy.

Replying to the first question on the subject of availability of telephones, Shamshin notes that 84 percent of apartments in Moscow have telephones. Several hundred thousand apartments have party lines. One third of the area of Moscow is fully equipped, and telephones are totally available there on request. By the end of the 5-year-plan equipment will be installed for the whole of Moscow, and then progress can be made on replacing party lines.

Popov replies to questions on the start of the heating season for the coming winter. Dudenkov replies to questions on the organization of laundry collection and refrigerator repairs.

There are replies to enquiries on measures to expand services in rural areas. Shamshin says that in the last 10 years the number of telephones in rural areas has more than doubled. Now 94 percent of kolkhozes and sovkhozes have automated telephone exchanges; and in the next 5-year plan all farms will be so provided.

Asked about capital repairs to housing, V I Popov states that housing should undergo capital overhaul once in 20-30 years, depending on the quality of design and construction. But some housing built in the early 1950's totaling
about 3,000 buildings are now in an unsatisfactory condition and need tens or even hundreds of millions of roubles spent on them.

Moskalenko says: "Comrade Vladimir Ivanovich Sorokin, a retired captain, and Moscow pensioner, asks the following question: Would it not be appropriate in order to strengthen and improve services for the population to bring in private initiative? It seems to me that one could give just one answer to that question: that it is not appropriate. The point is that the fact that a certain lagging has arisen in our country with regard to the development of the services sphere does not mean that we are incapable of coping with the problem. An integrated program for the development of consumer goods production and the development of the services sphere covering the next 15 years envisages in particular the creation of a whole range of organizational management, cadres and other aspects designed to resolve successfully this problem without bringing in so-called private initiative." Moskalenko recalls recent measures to improve services by involving major enterprises, which have not previously engaged in such activities. Dudenkov and Yashin tell of recent improvements.

Shamshin lists the areas of Moscow where telephones are available on request. He expressed regret that the automatic telephone exchange which was due to be built 2 years ago in Orekhovo-Borisovo will not be in operation until 1987. From Moscow one can dial directly to almost 1,000 other towns and villages. At present 25 rayon centers and towns of Moscow Oblast have direct dialing to Moscow; next year there will be 6 more and in 1987 the whole oblast will have this facility. At present one fourth of apartments in the USSR have telephones. The use of party lines is one way to increase rapidly the number of telephones available. These can be phased out later when overall demand has been satisfied under the present major program. Central newspapers are now printed simultaneously in more than 50 towns, and photocopies are sent by rapid telegraph.

Voznesenskiy says: "Vasilyi Aleksandrovich, two questions on cable television, and maybe you even have some more there. Student Aleksandr Genadiyevich Nerovnyy asks: Please talk about the prospects for the development of cable television in our country. And Sochi radio engineer Viktor Afanasievich Belokoy asks about the introduction of cable television: are there practical developments yet?"

Shamshin replies: "This question affects many people. The fact is that in connection with the varied heights of construction of towns, in a number of microrayons there are unfavorable conditions for reception of television broadcasts -- ghosting of the picture, which many people have probably noticed. So it must be said that our country is maybe the first in the world to embark on the development of cable television systems. These are the famous porchway aerials--there are millions of them in the country. Depending on how towns have grown, and mainly the increase in the variety of heights of buildings, these systems no longer provide the due quality of reception. Therefore in all big towns virtually simultaneously there is in progress construction of big cable systems ensuring reception for thousands of subscribers from the one aerial."
"It is maybe early to talk now of other aspects. We need to build up the potential of these systems, the more so because our country is also maybe the first in the world to make such wise use of communications satellites for transmitting television programs. And today from Chukotka to Kaliningrad there is nowhere where television cannot be received. It is another matter that so far not everywhere are these reception stations and relays located, but still already 92 percent of the population watches you and me on television now. So there are varying aspects here: the trend is right, primarily to raise quality of television programs. As the base is created, other aspects will also follow.

"This ties in with a question asked by Pavel Grigoriyevich Mikhaylov from Moscow with regard to the creation of a system of radio broadcasting based on the telephone network. I have just said, comrades, that a major program has been adopted to provide telephones for the country. This will serve as a base for the development of systems of wired stereophonic broadcasting multiprogram on the basis of this developing telephone network. There are, it is true, some misunderstandings here; the question mentions that allegedly such a system has already been adopted and recommended for widespread introduction. Yes, in principle the system has been adopted, but now it is necessary to create the whole range of required equipment and to receive it in large volumes from industry. And this will need a further 2-3 years in order to begin the widespread introduction of this system."

In conclusion Popov notes: "When the question is raised about why we speak about paying for services then it must simply be said that of the 50 subdivisions of our ministry 28 are subsidised by the state because they are loss-making. Let us take housing as an example. The cost of 1 square meter of construction on average for the country is R200; maintenance costs for each square meter of the 1.2 million sq.m in the RSFSR are R2 and each of us pays 13.2 kopecks as a joint cost. So, if we totally transfer all financial and other costs onto the state, this is just unrealistic. So the question of increasing the amount of services paid for is quite natural and economically justified."

Voznesenskiy rounds off the program by saying that all the remaining questions that have come in will be answered by the participants at a later date.
GOSPLAN OFFICIAL ON SOLUTIONS TO TRADE TURNOVER DEFICIT

Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 18 Jun 85 p 3

[Interview with Doctor of Economic Sciences M. Darbiyan, chief of the Commodity Resources and Trade Turnover Consolidated Department of USSR Gosplan: "Shortage: Realities and Problems"]

[Text] In the letters to the editor there frequently arises the topic of shortage: one item is completely nonexistent, another item is in short supply. Why does this happen? This was the topic of a discussion between SOTSIALISTICHESKAYA INDUSTRIYA editor for economics and propaganda Yu. Chaplygin and Doctor of Economic Sciences, chief of the Commodity Resources and Trade Turnover Consolidated Department of USSR Gosplan.

[Question] At the present time the supply of the basic consumer commodities, judged on the basis of the total volume, is completely sufficient, and for certain ones there is even a surplus. But all you have to do is hear the words rustling through a department store, "They've got a scarce item!" and a line forms immediately. And the number of scarce commodities, Mikhail Mikhailovich, seems not to be decreasing...

[Answer] I cannot agree with that statement. The number of scarce commodities is indeed decreasing. Unlike the situation in past years, when the production of commodities was below the demand both with regard to overall volume and with regard to individual groups -- for example, fabrics, sewn garments, radio receivers -- at the present time the items that usually become scarce are specific varieties of commodities -- specific models or makes. Most frequently these are new types of articles; at first there simply are not enough of them. It is the task of industry to reduce the time required for changing over to their mass production. But, unfortunately, a shortage does occur for a completely sufficient variety of commodities that suddenly disappear from the store shelves. It may be because of errors in the planning of production and distribution, or because of the lack of substantiation for production orders and purchase orders from the trade system, or the poor organization of supply of the stores, or because of unforeseen "flareups" of demand.

[Question] But certainly one could take steps ahead of time to satisfy, even if not immediately, the demand for popular commodities. Jogging shoes
appeared many years ago, and to this date we see lines of people waiting to buy them.

[Answer] It takes time and money. In order to produce jogging shoes in at least the volumes that currently exist, it was necessary to create a practically new production entity -- there were no technological analogues for them in the shoe industry.

[Question] Production planners put the finger on industry, industry puts the finger on trade, and all of them together put the finger on the unexpected changes in the market situation. Who, then, is really responsible for the shortage?

[Answer] There is no single, unambiguous answer here. Just as there are different kinds of shortages, there are different kinds of responsibility for a shortage. But any shortage has a specific reason and specific guilty individuals. It sometimes happens that the person's to blame are the production planners who have not gone too deeply into the details of the problem.

[Question] On behalf of the customers, the trade system submits production orders for commodities to industry and to Gosplan. How accurate is its information concerning the public's real and projected needs?

[Answer] This is a complicated situation and, obviously, it is difficult to avoid inaccuracies. Therefore provision is made for the annual sale of unsold seasonal commodities. We take steps, but the number of mistakes in the production orders -- both for scarce commodities and those that are in sufficient supply -- is not decreasing. This attests to the fact that the trade organizations do not have any exact ideas about the tendencies in the development of demand.

[Question] Why, then, does industry blindly follow the inaccurate ideas of the trade workers?

[Answer] There exists the principle "the one who pays the piper calls the tune." This, of course, does not decrease the responsibility that industry bears for studying the public's demand. First of all, the needs for new commodities and the size of the market. Company stores must collect and analyze the consumer evaluations and must ascertain the tendencies in the changes in the demand for a particular article. By orienting themselves on this information, the industrial enterprises can and must exert their influence upon consumer demand. For the time being, they are not paying sufficient attention to this.

[Question] The company stores do not resolve, nevertheless, the problem of the shortage of fashionable commodities. If something unusual, something proprietary appears there, most frequently it "drowns" in the midst of mediocre articles. Certain countries, for example, East Germany, Hungary, and Bulgaria, have specialized stores that sell only especially fashionable, highest-quality commodities. But in our country the only such store exists, to the best of my knowledge, in Riga.
[Answer] We also intend to create such stores. Approximately three years ago Mintorg [Ministry of Trade] published the appropriate order and even developed a special statute. But that's as far as things went. The need for stores specializing in especially fashionable commodities is, however, obvious. And it is completely possible to create them: we have a rather large number of good commodities of high quality.

[Question] Our readers see the crux of the problem in the insufficient responsibility that the manufacturers have to the customer. The success of an enterprise does not depend upon the attitude that the customers takes to its output -- just so long as the enterprise fulfills the delivery plans. From foreign experience it is well known that the companies themselves develop new commodities, determine the volumes for producing them, advertise, strive for recognition by the trade system and the customers...

[Answer] Actually, in practice one frequently sees the manifestation of indifference not only on the part of industry, but also of the trade organizations with regard to the sale of output or its quality. It is only that indifference that can explain the fact that, since the beginning of the five-year plan, retail commodity turnover increased by 17 percent, but the reserves of commodities in wholesale and retail trade and in industry have been growing at almost twice that rate. Although, we might note, trade organizations have the right to refuse commodities if they have been delivered in a manner that does not conform to the concluded contracts.

[Question] But in trade, as in industry, the thing that stands in first place is the volumetric indicators, rather than the variety of the articles produced.

[Answer] Yes, that's so. The time has apparently come to reconsider a few things. Industrial enterprises can and must be encouraged to take timely steps to renew the variety. But how? First of all, they must be given a self-interest, a guarantee against losses during the development and production assimilation of the new articles. Currently the administrators of individual enterprises have been given the right to apply index "N" to new articles and to establish temporary price markups for them. An analysis of the effectiveness of the new incentives indicates that the enterprises more rapidly, more boldly, and with a greater amount of interest organize the production of commodities that have an increased demand.

[Question] In order to resolve the shortage problem, some of our readers suggest increasing the role of wholesale fairs, so that, at those fairs, the trade and industrial enterprises independently and responsibly will resolve the entire series of questions linked with satisfying the current and future consumer demand, and the production plans will be established in conformity with the volume of commodities ordered...

[Answer] One cannot overestimate the opportunities provided by the wholesale fairs. They are one of the means of implementing the plans being developed, of providing the details for them. The opportunities for satisfying needs, and, consequently, for satisfying long-range demand, depend upon the level of
development of the economy, the increase in monetary income, and the price policy -- you cannot take all these factors into consideration at a fair. This requires a state plan, and one cannot allow an influence to be exerted upon it by the immediate market situation or by the sometimes subjective opinion of individual trade workers. This practice, as a rule, has a detrimental effect upon the state of affairs and subsequently leads to new shortages.

It is necessary, I think, to increase not so much the role of the wholesale fairs as that of the contracts that are concluded there. A contract for delivery must become the law -- both for the industrial enterprises and for the trade organizations. The legal standards for this exist. The crux of the matter is having them become standard practice. And there is just one way -- the refusal of the contracting parties to employ amnesties in the event of violation of the contract. For the time being, amnesties are flourishing. The reason, apparently, is that the fines for failure to meet obligations do not remain at the disposal of the party that has suffered. We await here the decisive word of the Ministry of Finance.

[Question] However, the contracts do not reflect the entire necessary assortment. It happens that an enterprise cannot coordinate it with the trade organizations to the planned volume. How, then, does one close up the "holes" in the plan and prevent commodity shortages?

[Answer] This happens when unpopular articles are offered. Naturally, the trade system refuses to accept them, and the enterprises have only one thing left to do -- to fill up the formed vacuum with new, fashionable commodities. And then to go out into the market with them -- to offer them to trade. In certain instances it is necessary to act more dynamically with price levers. It is completely possible to increase that part of the income from a markup for the innovation and quality of the commodity that remains at the disposal of the enterprise. These funds could be used not to pay bonuses to their workers, but to provide incentive payments to supplies of raw materials and components with improved quality and to the trade workers who sell the new commodities.

[Question] Our readers mention such a factor in the real struggle after shortages as the balancing of the public's income and the available commodities resources...

[Answer] That problem does exist. Achieving a balance means putting the real capabilities of production into conformity with the tendencies of the effective demand. It is economically senseless to increase monetary income if there are limited opportunities for an increase in the commodity resources or paid services for the public. It must be kept in mind that, when the increase in the public's income is influenced by a centralized increase in earnings, that increase, in principle, is coordinated with an increase in commodity resources. But the amount of income is also seriously influenced by noncentralized factors -- the policy of the enterprises in the area of the payment of labor and bonuses. That part of the increase in the monetary income is still being insufficiently coordinated with the production of consumer commodities.
[Question] For the sake of reinforcing that connection, two years ago planned assignments were introduced for producing consumer goods in terms of one ruble of wage fund...

[Answer] Those assignments were introduced. But they are not always properly coordinated with the plans for retail commodity turnover and are not fulfilled by everyone. It is certainly necessary to assure that the increase in the wage fund and the material incentive fund is made rigidly dependent upon the way in which the assignments for increasing the production of consumer goods and the volume of paid services to the public are being fulfilled and overfulfilled.

[Question] What relationship does the income and commodity-resources balance sheet have to the shortage if it is formed for articles for which there is a traditional demand? Their production is not reduced. It is even growing, but suddenly something that is needed every day proves to be in short supply...

[Answer] How much of these commodities we buy depends not upon the price or upon the size of the family budget, but upon the needs. But everyone does not know precisely what he needs, or how much, so he tries to create household reserves that sometimes are excessive. When such purchases become widespread, an artificial shortage is created.

It is necessary to orient public opinion more correctly, to instill in people a conscious attitude toward personal consumption. One should not dramatize random interruptions in the sale of certain commodities in one region, in order to prevent creating involuntarily an increased interest in them in other regions. Local interruptions in supply can always be quickly corrected by transferring resources from other regions. Planning, the study of the public's demand, and steps to develop the production of commodities and to improve their assortment have currently been directed at assuring the more complete guaranteeing of the public's demand, at preventing a shortage of anything, and if a shortage should arise somewhere, eliminating it rapidly and without any additional expenditures. We have these capabilities. And with every passing year their number is increasing more and more. But that does not reduce, but, rather, increases the demands upon everyone who has anything to do with providing the public with consumer commodities.
IZVESTIYA REPORTS EXPERIMENT IN ESSSR SERVICE SECTOR

Moscow IZVESTIYA in Russian 19 Aug 85 p 3

[Article by G. Gukasov and V. Tolstov, special correspondents: "...And Other Persons Concerned: Why the Temptations of the 'Moonlighters' Have Ceased to Affect the Mechanics of the Television Workshop of the Tallinn Elektron Association" (Moscow -- Tallinn)]

[Text] From time to time there appears on the doors of our entry-way a modest little square piece of paper with the following sentence on it: "Whoever would like to have a window casement installed, write down the number of your apartment." A place is thoughtfully provided for writing this information on the little square of paper.

The proposal by this unknown well-wisher deserves some thought: in modern-day houses windows do not have casements. Instead of them the entire window frame opens out, and this is very inconvenient, especially during the winter. However, the leaflet would soon disappear. It must have been that the janitor took it off. Within a week it appeared again. When the janitor eliminated this one too, there was a pause of about three weeks, and then a homemade announcement showed up again in the previous place: now a proposal was made to heat the doorway.

And, finally, a similar piece of paper had to be taken from the mailbox recently. This very same, unknown well-wisher proposed to construct in the apartment a complex of equipment for engaging in physical exercises. In case we agreed, all we had to do was make a cross with chalk on our mailbox. A small piece of chalk had been thoughtfully provided and lay at the edge of the wall.

These services were solicited directly in the home. All one had to do was to express a desire for them and pay. But, alas, this was not Consumer Services manifesting such an entrepreneurial spirit and attention. This was done by a "moonlighter."

This phenomenon is not a simple one; it cannot be painted in one color, black or white. As far as the "moonlighters" themselves are concerned, this is an understandable matter. They do not send reports on their work to the TsSU [Central Statistical Administration], but the scope of their activity can, nevertheless, be estimated more or less accurately. It is already being
studied not only by the workers of the OKhSS (Division for Combatting Thefts of Socialist Property and Speculation) but also attracted the interest of economists, sociologists, and the managers of consumer services. And so, in the opinion of the specialists, private services earn annually, by rendering services to the population, 5-6 billion rubles, which are not registered by any statistics or financial organs. In toto, this is comparable with what the state system of consumer-service enterprises receives for its work. "Enrolled" in this army in one way or another are from 17 to 20 million workers. This does not mean, of course, that they are not employed somewhere in basic production.

Within the total volume of consumer services which the population of a city receives, the "handicraft workers' shop" performs half of all shoe repairs, 45 percent of apartment repairs, 40 percent of motor-vehicle repairs, and 30 percent of the repairs on complex household appliances. In the rural areas, where consumer services are poorly developed, with regard to the sewing and repair of shoes, the repairs on housing, furniture, and cultural items, the proportion of private services comes to as much as 80 percent.

But how should we, as convinced advocates of public, planned production, regard the precipitous growth of handicrafts services? Should they be prohibited? Of course, for example, the use of privately owned motor vehicles for carrying passengers for a fee is forbidden. For this a "sable" is subject to suspension of his license and a fine of 30 rubles. Nevertheless, private owners of motor vehicles do carry passengers. And work "on the side" in new housing construction is not sanctioned by anyone either. But, of course, such work "on the side" is done, and how!

Yes, there have been quite a few bans on private services, but they have little effect. Is this not because they are divorced from the actual situation? Who, for example, would enforce these bans when the "moonlighters" number in the millions? We would need to have tens of thousands of persons in order to check up on them. Is this realistic?

But even assuming that we got rid of the handicrafts "moonlighters," what would be left in their place? Still the very same clumsiness of our consumer services?...

In the service marketplace the population's unsatisfied demand, even taking into account the "aid" received from the "moonlighters," is estimated to be 5.5 billion rubles a year. For the consumer this large but somewhat abstract amount from an economic handbook means lines at reception centers, excessively drawn-out time periods for filling orders, the impossibility of getting major repairs done on a television set, having a garden shed built, getting a nurse-maid for a child, and a bunch of other complications which reduce the standard and the quality of our lives.

Already at present, in order to satiate the service market, we need to draw into consumer services (unless, of course, its present procedures were to be changed) an additional 4 million employees, 5 billion rubles of capital investments, and another 5 billion rubles worth of material resources. And a great deal of time, of which there is not much reserve supply, and consumer
services are so much "in debt" to the people, and that is not even taking yesterday into consideration. Furthermore, billions do not just lie in heaps along the road....

But would it not be possible to get by with the funds and forces of the consumer services themselves without additional billions of rubles and millions of employees? The experiment which was begun without fanfare at the start of the year by the EsSSR Ministry of Consumer Services has shown what enormous reserves there are in the service sphere, and that it can do a great deal. The goal of this experiment—as formulated by our Estonian comrades—is to stimulate high labor productivity, initiative, and an entrepreneurial spirit within the consumer-service field.

The Tallinn Elektron Association for the Repair of Radio and Television Sets this spring leased to the mechanics' brigade one of its own workshops together with all its equipment. In this connection, the following was stated: you can earn as much as you are able to, but you will pay for everything yourselves—for space, equipment, spare parts, light, water, and cleaning. The firm target per mechanic is 650-680 rubles per month, depending upon the level of skill. This amount is subject to being turned over to the association's accounting office. Of whatever is earned in excess of this amount—70 percent goes to the mechanic. Whatever you economize on is yours; whatever you spend in excess will come out of your own pocket.

All this is designated by one term: cost accounting [self-support].

Formerly the Elektron Association basically just gave everything to its own workshop, while now it receives. The brigade, on the other hand, formerly used to receive, while now it does not even get its wages from the accounting office. Rather the brigade-leader opens up his iron box in which he has placed the day's receipts and, accompanied by a voucher, distributes to each person the wages which he has earned.

There is one memorable statement by the workshop's brigade-leader, Nikolay Vasilyevich Orekhov. When he was telling us about his "firm," we inquired as to what the brigade council discusses and what rights it has.

"The council determines who is to be paid and how much," the brigade-leader answered. "And, in general, it decides how to work further so that, well, we don't go broke...."

Upon hearing these words even the general director of Elektron, V. Rink, a very serious man, could not restrain a smile.

The brigade's concern not to "go broke" has produced some interesting transformations in Workshop No. 1. Previously it would take about two weeks for a television set to be fixed here, while now it takes three days at the most. And often a customer can pick up his set already in the evening, having dropped it off there that morning. It is a matter of simple arithmetic: the more the brigade succeeds in finishing per day, the more it earns. To have a television set returned for repeat repairs is extremely rare. It is unprofitable for the brigade to work poorly; correcting a mistake goes against its account.
Formerly this workshop would quite often have a sign hanging on its door with the following message: "Cleaning-Lady Wanted." Now one is no longer wanted. It turns out that 15 men by themselves are capable of keeping the area clean, and so there is no need to lay out money to pay a cleaning-lady. Energy consumption and the expenditure of spare parts have been reduced; it has become profitable to economize.

The previous person taking the orders for the brigade has been dismissed from this position—he was rude and frightened off customers. They have also stopped having a bookkeeper on the payroll. The brigade-leader himself has taken charge of the accounting work, and he maintains the entire bookkeeping for the workshop accurately and in good order. He himself computes the wages, utilizing the KTU—the coefficient of labor participation. He has opened his own account in a savings bank and keeps the earnings there.

And now they have taken a second driver into the brigade. And they have decided to lease another motor vehicle from the association. They figured it out in their own council that it was profitable. Two vehicles will bring in more orders. The fact is that the brigade itself is now seeking out customers, and not just in the city. The mechanics drive around the suburbs where the dachas are located, and they inquire as to whether someone needs to have defective radio equipment put into good working order. And nobody is careless. It is more profitable to work honestly well.

Well, but wherein, actually, lies the profit? "How much do they make a month?", as a foreman of the "on-the-side" service would ask. For the present the mechanics earn up to 400 rubles; the person who receives the orders, who is also the brigade-leader and bookkeeper, for his combined occupations now receives 250 rubles. Let's emphasize that phrase "for the present." The brigade, having acquired a taste for independent management, is persistently striving to expand its business. In particular, it has requested the association to give it permission to repair video-tape recorders and other equipment.

And here is something else which needs to be noted: in the Elektron Association the relations of administrative subordination between workers and management are changing to relations of business-like cooperation. You only need to chat for a while with the brigade-leader and with the mechanics of Workshop No. 1 to understand that you have before you some true bosses of their own production line. The cost-accounting contract has not only business consequences but also moral ones. By the way, this is a separate and voluminous topic, and we will return to it after some time.

"This economic experiment is placing the main emphasis on a broad-based dissemination of the contract principles," states R. Merisalu, chief of the Trade and Consumer Services Department of the CP of Estonia Central Committee. "Party organizations, local Soviets, and consumer-service enterprises are conducting a great deal of work with regard to involving an ever-increasing number of persons in the system of contract relations—brigade-type as well as individual-types. Remuneration for labor depends entirely on its quantity and quality. This compels the entire service sphere to turn to the needs of the population, to earn money by flexibly and effectively reacting to the growing demand. Among everybody who works on the contract principles labor
productivity has increased by at least 10--15 percent, whereas, on the average for this sector in the republic--this figure is approximately 4.5 percent. Likewise of importance is the fact that a re-structuring of the economic thinking of all employees in this sector is taking place. Material remuneration is made directly dependent upon labor efficiency, upon its end results.

"Well, but what about the 'moonlighting' type of handicrafts service?" you ask. Can it really be that the Tallinn experiment has "crossed it out?" In part this is true. Because it has been abandoned here by a considerable portion of the professional workers in the field of consumer services.

How, for example, is one to evaluate the fact that, at the time when check-ups are made on the work of barbers and hairdressers, earnings are double? It means that during working time the master barbers and hairdressers are "moonlighting" at their places of work--that can be the only explanation. As regards N. Orekhov's brigade, if some of the television mechanics here previously used to engage in such "moonlighting," they have now ceased to do so. Why? Cost accounting roots out such "extra earnings." The Tallinn experiment has proved that. By the way, the barbers and hairdressers there have also been included in it.

But what about the person who works "on the side"--someone who is an engineer by day and in the evening--a knife-sharpen or a "cabbie" in his Zhiguli? The employees of the EsSSR Ministry of Consumer Services propose that they be granted the right to monitor such a person's activity. Specifically, the right to monitor but not the right to prohibit. The "moonlighter" wants to earn money by his work. So let him earn money in the following way! The consumer-service enterprise can conclude a contract with him and issue the appropriate permission or patent (call it what you will) for the right to perform a specific service on condition that he pay a firmly established tax.

And the master of private service would be transformed into a consumer-service handicraftsman with the right to hold down more than one job but also with certain obligations to the customers and to the state enterprise. Let him engage in individual labor activity, which in our country has been legitimated by Article 17 of the Constitution. And let there be completely legal competition between the handicraftsmen and the brigades on cost accounting. The winners here will be the customers and the state.

In advocating sectorial monitoring controls over the anarchy of illegal services; the EsSSR Ministry of Consumer Services is prepared to tackle this matter during the course of its own experiment.

2384
CSO: 1827/213
CALL TO EXTEND RANGE OF PERSONAL INSURANCE BENEFITS

Moscow FINANSY SSSR in Russian No 8, Aug 85 pp 11-18

[Article by L. A. Motylev, chief, USSR State Insurance Main Administration, collegium member, USSR Ministry of Finance: "Improve and Develop State Insurance"]

[Text] During the last few years great qualitative changes have occurred in the state insurance system. The Basic Directions for the Economic and Social Development of the USSR for the Years 1981-1985 and for the Period to 1990 have provided for the development of state personal and property insurance.

The 11th Five-Year Plan outlined provisions to guarantee the receipt of insurance payments amounting to 65 billion rubles, or 25 billion rubles more than in the 10th Five-Year Plan. With regard to voluntary insurance of the population alone, receipts should amount to 41 billion rubles.

Results of four years of the five-year plan testify that the tasks assigned to the insurance organs are being successfully carried out; plans have been fulfilled ahead of schedule; by 16 November 1984 the accounts of the five-year plan had shown receipts of 54.1 billion rubles, including 33.1 billion rubles with regard to voluntary insurance. Receipts in excess of the assignments for these four years of the five-year plan came to 3.2 and 1.2 billion rubles respectively.

Large-scale tasks confront the insurance organs in 1985, the culminating year of the five-year plan, the year of the 40th Anniversary of the Soviet People's Victory in the Great Patriotic War and of preparations for the upcoming CPSU Congress. The plan for the receipt of payments for 1985 with regard to all types of insurance has been set in the amount of 15.3 billion rubles, including 8.9 billion rubles with regard to voluntary insurance of the population.

The insurance organs of all the union republics, in striving by crash work to greet the remarkable events in the life of our Motherland, on the basis of a widespread unleashing of all forms of socialist competition, the development of creative initiative among the workers, the brigade method of work by the insurance agents, and further improvement of service to the public, have made pledges to guarantee the ahead-of-schedule fulfillment of the plans of the five-year plan by 7 November 1985 and to receive, over and above the assigned amount set for this year, 240 million rubles of payments with regard to voluntary insurance alone.
Over the five-year period the receipt of payments on all types of insurance should amount to 69.7 billion rubles, as compared to 65 billion rubles according to the plan, including 42.4 billion rubles for voluntary insurance to the population, or 1.4 billions rubles more than was provided for by the assigned task.

There has been a steady growth in the socio-economic importance of state insurance. During the period of the 10th Five-Year Plan the population was paid 20.2 billion rubles of insurance reimbursements and insurance amounts, including 19.6 billion rubles for voluntary insurance. For the four years of the 11th Five-Year Plan this figure comes to 24.1 billion rubles, or 1.6 times more than for the corresponding period of the previous five-year plan, including 23.4 billion rubles for voluntary insurance, or 1.6 times more.

Together with the growing pay-outs to citizens of insurance amounts and insurance reimbursements, the role of insurance is constantly increasing in the mobilization of funds for developing the national economy. At the same time, with the widespread development of operations, expenditures to conduct the insurance business are being reduced.

What measures have assisted to the greatest degree the successful development of insurance during the 11th Five-Year Plan and will assist it subsequently? Above all—improvement of the operational organization of the insurance organs, each insurance agent, raising the level of service to the working people, all manner of expanding insurance security, insurance responsibility, as well as introducing progressive forms and methods of conducting it.

Taking into consideration the growing socio-economic importance of state property and personal insurance for the Soviet people, the USSR Council of Ministers on 30 August 1984 adopted Decree No. 932, entitled "On Measures for Further Developing State Insurance and Raising the Work Quality of the Insurance Organs." In order to carry out the above-indicated decree, the development of state insurance has provided for the broad-based inclusion in insurance of all groups of the population, as well as improvement in the work of the insurance organs and raising the standards of service to working people. A comprehensive program of measures has been worked out, aimed at more fully satisfying the needs of Soviet people for various types of insurance.

Guided by the decisions of the 26th CPSU Congress and also by those of the Extraordinary March and April (1985) Plenums of the CPSU Central Committee, the insurance organs are adopting the necessary measures to unconditionally fulfill the plans for the receipt of insurance payments.

In order to successfully solve the problems confronting the insurance organs, work is being conducted on further strengthening plan and performance discipline in all units of the insurance system, ensuring smoothness in operations, eliminating the lag in certain agency offices with respect to developing voluntary insurance.

A considerable reserve is raising the level of development of insurance of those republics which have lagged behind the average indicators for the country as a whole, as well as increasing the magnitude of the average insurance
totals. If for the USSR as a whole 85.7 percent of the workers, office employees, and able-bodied kolkhoz members are covered by personal insurance, in the Tajik and Turkmen SSR's this figure does not exceed 30 percent. In the AssSSR insurance totals for automobile insurance and domestic property insurance are only one-fourth, and for accident insurance--only one-half, of the average for the country as a whole.

Nor did the insurance organs of the above-indicated republics in 1984 provide a high-quality fulfillment of the quarterly plans for the receipt of payments. Instances of violation of the plan discipline were also permitted by certain insurance organs of other union republics. In 1984 there was a systematic failure to fulfill the established plans for the receipt of payments on types of voluntary personal insurance by the Gosstrakh/State Insurance Main Administration/ agency offices for the Drogienskii Rayon, Brest Oblast, the Moskovskii and Proletarskiy Rayons in the city of Riga, the Adigenskii Rayon of the Georgian SSR, and several others.

The shortcomings noted above are a consequence of the fact that certain managers of the insurance organs pay too little attention to the style and methods of work, labor organization at each work place, nor do they manifest the necessary concern for the development of socialist competition and the widespread dissemination of progressive experience. There have been attempts to explain their own mistakes in labor organization, planning, and training by various kinds of "objective" difficulties, thus absolving themselves of responsibility for the state of affairs in the groups of insurance organs headed up by them.

In order to increase the effectiveness and quality of insurance work, as well as to attain high end results, methods of planning insurance operations have been improved.

The agency offices have introduced a new indicator of planning--the coefficient of reserve utilization; this allows them to more take into account the possibilities for developing insurance both by means of concluding new contracts as well as by increasing the insurance totals.

In order to motivate the insurance workers still more to adopt the intensified plans, to increase their initiative to fulfill and over-fulfill the plan assignments, beginning with the second quarter of 1984 in a number of the state insurance organs of the RSFSR, the Ukrainian SSR, the Belorussian SSR, as well as in the Latvian SSR, an experiment has been conducted with regard to establishing stable quarterly plans for the receipt of payments in accordance with the quarterly breakdown of the one-year plan. Since 1 January 1985 the above-indicated experiment has been extended to all the insurance organs of the Belorussian SSR, the Tajik SSR, and certain oblasts of the RSFSR and Ukrainian SSR. The results of the work done during the nine months under the conditions of the experiment have been positive on the whole. In most of the insurance organs, as compared with 1983, there has been an increased growth in voluntary insurance contracts, the number of Gosstrakh offices and brigades of insurance agents, fulfilling their quarterly qualitative plans for payments received. The task consists of successfully introducing it everywhere in 1985 and 1986.
Great and constant attention must be paid to propagandizing state insurance among the population via the mass information media. Just during the period which has elapsed since the adoption of the decree of the USSR Council of Ministers, dated 30 August 1984, 4,000 presentations have been prepared for radio with a total length of 340 hours, as well as 229 presentations for television. There have been 6,812 articles and advertisements published in newspapers and journals with a circulation of more than 51 million copies. This is not enough, however. We need to arrange matters in such a way that in the operational plans of each Gosstrakh organ the propaganda of insurance occupies a special place and is conducted specifically and purposefully.

A considerable amount of work is being done on renovating and improving insurance legislation, expanding the scope of insurance responsibility, and this, undoubtedly, is facilitating the growth of insurance's popularity, making it simple and accessible to the broad masses. With regard to insurance questions merely for the four years of the current five-year plan two ukases of the Pre-
sidium of the USSR Supreme Soviet and four decrees of the USSR Council of Mi-
nisters were adopted. As a result of this, 24 legislative acts and decisions of the government were recognized as having lost their force fully or partially.

In the process of conducting this work, the competence of the units of the insurance system have been refined with regard to carrying out state insurance, there has been improvement in the norms relating to the working conditions and wages of the supernumerary insurance agents, cost accounting has been further developed, new job regulations have been worked out for agents along with a new Statute on the formation and expenditure of funds for providing economic incentives within the Gosstrakh system, as well as a number of other documents.

At the present time practically all the regulations and rules on state insur-
ance have been substantially renovated. New normative acts have strengthened the guarantees for protecting the property rights of citizens, expanded the list of insurance instances at the onset of which the right arises to receive insurance benefits and insurance totals, and simplified the calculations, accounts, and accountability with regard to the insurance operations.

Thus, with respect to the state mandatory insurance of property belonging to citizens, there has been an almost three-fold increase in insurance security, as compared with the former conditions. Without changing the level of the insurance payments for the mandatory insurance of passengers, the insurance total has been raised from 300 to 1000 rubles. With regard to voluntary personal insurance, the age of insured has been raised to 75 years, and there has been a sharp reduction in the list of medical counter-indications for accept-
ance for insurance. The organization of medical-insurance expert commissions has been improved. Without assessing any additional payments, the insurance responsibility for the destruction or damage to television sets as a result of their catching fire. In connection with the requests of citizens owning subs-
sidiary farms, it is permitted to take out insurance on small-size tractors which belong to them by right of private property.
Measures are being taken to create the necessary conditions for better-quality service to insurees. For this purpose the material-technical base of the insurance organs is being strengthened, and the working conditions of the employees are being improved. Along with rayon and city offices, sectorial Gosstrakh agency offices are also being set up at large enterprises.

Widespread acceptance has been achieved by the non-cash form of making insurance payments—a form which is most convenient for the insurees. At the present time 84.2 percent of them are paid by means of non-cash accounts.

Everywhere payments of insurance totals have begun to be made by means of transferring them to citizens' personal accounts by way of their deposits in savings banks. This form of accounting allows working people to avoid wasting time in going to the agency offices and facilitates the growth of monetary savings among the population.

At the present time successful use is being made of a new, progressive procedure for handling accident insurance—by means of a unified certificate for a group of insurees. In 1984 alone more than 6 million persons were insured in this manner. This likewise facilitates a rise in the level of service to the population and an improvement in the organization of the insurance business.

Work is constantly being conducted on improving the existing and introducing new types of personal and property insurance which meet the socio-economic requirements of the population. In this connection the goal is pursued of creating a well-formed, internally harmonized system of legal acts with regard to state insurance, the stability of insurance relations, the consolidation and unification of insurance legislation. As a result of this work, 90 departmental normative documents have been recognized at the same time as having lost their force fully or partially. All of this facilitates the simplification and improvement of the insurance business.

Work along these lines must be continued.

Work is being finished up on developing new rules for personal insurance, which, in contrast to the presently existing ones, considerably broaden the right of insurees with respect to a contract, simplify the procedure for conducting insurance, and this will help to more fully satisfy the interests of working people and the involvement of an ever-increasing number of citizens.

In order to raise the standards of servicing insured persons, guarantee timely and correct payments of insurance totals in connection with the loss of the capacity to work, preparations are nearing completion on a new regulation for holding a medical-insurance expert consultation, which provides for an increase in the material aid to the insurees who have suffered.

Taking into consideration the fact that one of the necessary conditions for completing the tasks confronting the insurance system during the 12th Five-Year Plan is a universal expansion of the insurance services, USSR Gosstrakh is working out new types of insurance which will meet the requirements of the population. Thus, beginning in 1986 it is planned to introduce combined auto, baggage and driver insurance and, beginning in 1987—a number of other types of personal and property insurance.
In the area of agricultural insurance in the future we must expand insurance responsibility and reimburse farms not only for quantitative harvest losses but also pay out indemnities for a reduction in the product quality in connection with natural disasters. Also studied will be the possibility and economic feasibility of insuring the harvest of agricultural crops with regard to plant growing as a whole.

During the last few years a number of measures have been taken with regard to improving the work organization and wages of supernumerary insurance agents.

In order to guarantee the further development of voluntary insurance of the population and fulfillment of the plans for receipts of payments without increasing the number of agents by means of raising their labor productivity and material motivation, the Gosstrakh organs of the Tatar ASSR, Krasnoyarsk Kray, Vladimir, Dnepropetrovsk, Ivanov, Kaluga, Kirov Oblasts, along with certain raions of Moscow and Leningrad, introduced by way of an experiment beginning 1 October 1982 a new system of paying wages and awarding bonuses to insurance agents. Since 1 January 1985 almost all the insurance organs in this country have been converted to the new conditions for remunerating their labor. The brigade form of labor has been widely introduced. At the present time approximately 84 percent of insurance agents have been converted to the brigade method of work, with wages in accordance with end results.

In coordination with the Central Committee of the Trade Union of State Institutional Employees, the Main Administration has worked out and approved a Statute on Brigades of Supernumerary Insurance Agents, Brigade Leaders, Brigade Councils, and Councils of Brigade Leaders, which precisely defined their rights and obligations.

Use of the coefficient of labor participation (KTU) in distributing brigade earnings should facilitate the development of creative initiative, increase labor productivity, and fulfillment of the plans for receipt of insurance payments with a lesser number of employees, and improving the quality of service to the population.

Just during the period of preparing for the conversion to the new conditions for remunerating insurance agents their number throughout the entire system has declined by 2,050 persons. Moreover, the fulfillment of the plan for the second quarter with regard to voluntary insurance of the population, as compared with the corresponding period of last year, increased by 0.4 points and amounted to 33.5 percent, as compared to the norm of 33.3 percent.

At the same time certain insurance organs (in the Uzbek and Kirghiz SSR's, the Yakutsk ASSR, as well as Irkutsk and Kamchatka Oblasts) have taken a pro forma approach to approving the new rates for the percentage-type remuneration and the amounts of the bonuses to be awarded. They have not made the recommended calculations of the agents' earnings in accordance with the new wage conditions, and this has led, in some cases, to a considerable decrease in these wages and, in other cases, to their unjustified inflation. Such instances must be immediately eliminated, and all work should be placed under the constant monitoring controls of management, party, and trade-union organizations in the localities.
In connection with the rapid growth in the volume of insurance operations, work is being conducted with regard to a broad-based introduction of computer equipment and the automated processing of insurance information. In 1984 machine processing of information was carried out at 2,082 Gosstrakh agency offices, or at 35.3 percent of their total number. With the aid of computers and FVM [expansion unknown] 39.6 million personal accounts with regard to life insurance were processed, or 55.3 percent of their total number. Since 1984 the insurance organs of certain union republics have proceeded to introduce a draft plan for the automated handling of operations with regard to the mandatory insurance of property belonging to citizens.

Along with the positive results achieved by the republics in the matter of automating insurance operations, there are also shortcomings.

The managers of the insurance organs in the Tajik, Uzbek, and Azerbaijan SSR's have not accorded the necessary attention to the problems of introducing computer equipment, nor have they taken the necessary measures to fulfill the plans for converting information to machine processing.

Certain computer centers within the system of the USSR TsSU [Central Statistical Administration] have not increased the volume of insurance information being processed (Ryazan, Sverdlovsk, Volgograd, as well as Dnepropetrovsk, Donetsk, and Lvov Oblasts).

At the present time, in conjunction with the USSR TsSU, proposals have been developed with regard to improving the informational-computing service to insurance organs, expanding the volumes of the information being processed, and upgrading its quality. Practical implementation of these proposals will permit us to shift 1.8 million personal accounts to machine processing as early as the current year.

Work is continuing with regard to planning an integrated, automated control system for state insurance (ASU-Gosstrakh), encompassing the handling of all types of insurance operations on all administrative levels. The initial phase of ASU-Gosstrakh will be put into industrial use during the fourth quarter of 1986. A program for the automated compilation of the bookkeeping accounts of the Gosstrakh administrations has been worked out.

The managers of the main Gosstrakh administrations of the union republics must personally monitor the entire complex of operations with regard to introducing the automation of insurance automation.

Work has been conducted on integrating all the existing forms of accounting and accountability, directed at eliminating the duplication of records in accounting and the reduction of the labor-consumption of accounting operations. In 1984 alone the indicated forms were reduced by 253 indicators.

In order to upgrade the quality of accounting and accountability, a new regulation has been introduced with regard to the handling of bookkeeping accounts in the state insurance organs. Provisions are being made to subsequently convert the bookkeeping accounts to a more progressive, journal-order form of bookkeeping, for which purpose the experience in handling such accounts in the insurance organs of Kaliningrad and the Trans-Carpathian Oblasts is being adduced.
The preservation of state assets in the insurance organs has recently been fa-
cilitated by work with regard to improving the recruitment of personnel for
the bookkeeping and auditing apparatuses, as well as upgrading their qualifi-
cations by means of training in courses and conference-seminars. The level of
audits and check-ups on the activities of the insurance organs has been raised.
There has been a constant increase in the number of counter-check-ups on the
correctness and reliability of the payments of insurance totals and insurance
reimbursement.

The measures which have been conducted have had a positive effect on guarantee-
ing the maintenance of insurance payments. For example, if in 1981 audits and
check-ups revealed 705 instances of thefts in the amount of 523,700 rubles, in
1984 there were 621 instances, totaling 231,400 rubles.

Nevertheless, certain audits have been conducted superficially, as a result of
which the thefts and malfeasances which took place were not revealed in a timely
manner. The employees in bookkeeping at certain agency offices have not al-
ways correctly verified the accounts regarding the payments collected and
turned in; they have allowed access to the card files of personal accounts of
those who have life-insurance contracts by persons who had no direct relation
to this work, and in a number of instances this practice led to thefts and
embezzlement.

Instances of an unjustified recording of insurance payments in the fulfillment
of the plan have not been completely rooted out, as a result of which illegal
payments of bonuses have been permitted. Such instances have taken place in
certain insurance organs of the Turkmen SSR, as well as in the Kirghiz, Tajik,
and Uzbek SSR's. The guilty persons have been strictly punished.

In the work of the insurance organs great attention must be paid to agricul-
tural insurance. At the present time the property of 60,000 farms has been in-
sured, or 25,000 more than in the first three years of the 10th Five-Year
Plan. Insurance coverage on all types of property belonging to agricultural
enterprises amounts to more than 380 billion rubles. Just during the four
years of the 11th Five-Year Plan approximately 16 billion rubles was paid out
of insurance funds to kolkhozes and sovkhozes which had suffered from natural
disasters. Along with payments of insurance benefits, the Gosstrakh organs
ought to actively assist in the discovery and elimination of cases of misma-
gement, juggling the amounts of sown areas, incorrectly reflecting in the
accounting and accountability documents the total crop harvest, inflating the
balance cost of property, and other violations.

In the Russian Federation alone during 1984 the insurance organs established
instances of juggling the amounts of the sown areas, as well as an unbusiness-
like attitude toward insured property in 46 oblasts, krais, and ASSR's; thus,
the illegal payment of 18.6 million rubles of insurance compensation was pre-
vented. In Amur Oblast, for example, 31,800 hectares of agricultural crops
were juggled for sovkhozes and kolkhozes.

Concerning each such instance USSR Gosstrakh and the insurance organs in the
localities make timely reports to the party, soviet, and agricultural organs
so that they may take the necessary measures with regard to the guilty persons
and eliminate violations. Guided by the decisions of the party and the government, the Gosstrakh organs must take every measure to intensify the struggle against all kinds of negative phenomena, mismanagement, juggling, and theft of state funds.

A great deal of attention must be paid to improving work with letters and statements from citizens as one of the sources for perfecting state insurance and improving service to insurees. The Gosstrakh organs are constantly studying the nature of the incoming letters and statements; they analyze the causes for the rise of complaints, and they take the necessary measures for a timely and complete examination of the letters in strict accordance with the law. As a result of the measures which have been adopted, there has been a reduction in the number of complaints by the population against the actions of the Gosstrakh organs. Thus, in 1984, as compared with 1983, the number of letters, declarations, and complaints directed to USSR Gosstrakh decreased from 2,910 to 2891, whereas the number of contracts during this same period increased by 4.7 million.

Nevertheless, employees at certain agency offices are still allowing mistakes to be made in concluding insurance contracts, paying out insurance totals, and insurance reimbursement.

Workers at the Kaganiskiy Rayon Hospital, Bukhara Oblast on 15 April 1985 directed a complaint to the editors of LITERATURNAYA GAZETA in which they stated that the Gosstrakh agency office without their consent withheld from their wages insurance payments for insurance on structures, although they do not have any structures as personal property. The above-indicated facts were confirmed by a check-up. The insurance agent who had organized the withholding of the payments was discharged, while the chief of the agency office and the senior inspector were held strictly responsible in a disciplinary action. The illegally withheld amounts were returned to the citizens concerned.

We have not yet completely rooted out cases of an indifferent attitude toward insurees; medical-insurance expertise is not always cited at the level it should be with regard to determining the degree of disability.

The Gosstrakh administrations for the Maritime and Altay Kray incorrectly refused payment of insurance totals for injuries to Citizens Yu. P. Kuznetsov and V. F. Myznikova, which caused them to complain to the USSR Gosstrakh. A check-up indicated the following: the incorrectness of the decisions adopted was caused by the fact that the above-mentioned administrations did not request all the necessary medical documents. The stipulated insurance totals were paid out, and the persons found guilty of allowing violations to occur were strictly punished.

The managers of the insurance organs must strengthen their monitoring controls over the work of examining letters, statements, and complaints from citizens; they must constantly increase the responsibility of their employees for the task entrusted to them.

Further improvement in working with letters, eliminating the causes which give rise to complaints must be facilitated by upgrading the qualifications of the
employees of the insurance organs, by their profound and detailed study of the existing laws and normative acts. In 1984 there were 80 management people from the insurance organs enrolled in the Department for Upgrading Qualifications at the VZFEI (All-Union Correspondence Finance and Economics Institute). Moreover, USSR Gosstrakh has organized and conducted 16 conference-seminars with specialists from the Gosstrakh organs. A good deal of analogous work has been conducted by the Gosstrakh main administrations of the union republics and the local insurance organs. It must also remain at the center of attention in the future. During the course of the conference-seminars particular attention must be accorded to the problems of serving insurees and work with regard to examining letters from citizens.

The program for developing state insurance is a tight one. Its implementation requires, above all, the universal strengthening of socialist legality in the activities of the insurance organs.

Within the system of USSR state insurance questions of strengthening socialist legality must be examined not in isolation but rather in conjunction with the general problems of the insurance organs, and their solution must be made dependent upon the activity of the legal consultants, of which the system has more than 180.

Taking the above-mentioned requirements into account were recent and specific steps along these lines. The main thing in the work of the juridical services at the local level is checking out the conformity to the requirements of the law of the draft orders and other documents containing legal norms to be presented for signature to the management. At the present time in the insurance organs hardly a single legal document is accepted without a visa from the juridical service. The conclusions of the legal consultants are mandatory in resolving questions about the paying out of insurance totals and insurance reimbursement in accordance with the documents of the investigative organs and the courts. As a result of targeted measures, there has been a considerable reduction within the system of instances of the publication of unjustified orders and dispositions, illegal payments of insurance totals and insurance reimbursement, as well as incorrect refusals to make payments.

In order to organizationally strengthen the juridical service and to create a unified, inter-dependent system of functions for the legal consultants, Gosstrakh approved the Statute on the Juridical Service of State Insurance Organs, which defined the status of each unit of the juridical service. Methodological recommendations have been worked out concerning the organization of the juridical service within the state insurance organs, which, to a considerable extent have facilitated the regularization of the application of labor legislation, the reinforcing of labor discipline, and guaranteeing the preservation of socialist property.

Nevertheless, instances of violations have still not been rooted out of the operational practice of the insurance organs. Analysis of the workers' complaints with regard to questions of observing the labor legislation which have been received recently testifies to the fact that the necessary procedures in this important section sector have still not been instituted in certain Gosstrakh organs. Last year USSR Gosstrakh restored a number of employees who had been dismissed for violations of the labor legislation.
An important guarantee for successfully implementing the tasks confronting the insurance system is the creation in each insurance organ of an environment of lofty responsibility for the entrusted business and a business-like quality, raising the standards required of personnel, improving their recruitment and deployment and economic training, as well as carrying out measures with regard to strengthening labor discipline.

In recent times the qualitative make-up of employees who occupy nomenclature-type positions has improved somewhat. Thus, specialists among this category of employees, as of 1 January 1985, amounted to 86.3 percent of the total, whereas at the beginning of the 11th Five-Year Plan there were 84.4 percent of them, and at the beginning of the 10th Five-Year Plan—70.2 percent. There has been an increase in the number of employees with a higher education: if on 1 January 1981 there were 13.8 percent of them, at the beginning of the current year they already numbered 15.3 percent.

Good results in filling the nomenclature-type positions with specialists have been achieved by the insurance organs of the Ukrainian (98.3 percent), Kirghiz (97.0 percent), and Belorussian (96.7 percent) SSR's.

There has been a steady improvement in the qualitative make-up of the management personnel employed by the insurance organs. Thus, among the managers of Gosstrakh's main administrations 97.6 percent are specialists (including 87 percent with a higher education). Within the Gosstrakh administrations specialists amount to 96.3 percent (including 66 percent with a higher education). Among the chiefs of the agency offices 94.4 percent have a higher education (including 43.4 percent with a higher education). The Gosstrakh organs regularly conduct certification of employees in the administrative apparatus and the agency offices, as well as upgrading the qualifications of the personnel.

Widespread acceptance has been gained by a higher form of socialist competition—the movement on behalf of a Communist attitude toward work—in which more than 5,000 groups and more than 210,000 workers are taking part.

Problems of the recruitment, deployment, training, and upgrading the responsibility of personnel for the business entrusted to them are regularly discussed at the collegium sessions of the ministries of finance and the management of the Gosstrakh main administrations of the union republics and USSR Gosstrakh. The above-indicated problems are also the subject of discussion at regularly held conference-seminars with employees of the staff sub-divisions and managers of the Gosstrakh agency offices and administrations.

Nevertheless, despite the over-all improvement in the status of personnel work, there are still shortcomings in the questions of their recruitment, deployment, and training.

We have not yet reached a stage where the basic sectors of insurance activity are headed up by politically mature managers who have a good knowledge of their business, possess high moral qualities, enjoy authority, and are capable of carrying out the policy of the party. Nor have we rooted out instances of abusing one's service position, unworthy behavior, abuse of alcoholic beverages, and gross violations of labor discipline.
Employees of the state system must take all necessary measures to further develop state insurance, improve the quality of service for the insured, strengthen planning and financial discipline in the insurance organs. They must increase initiative and activism, along with personal responsibility for the business which has been entrusted to them.

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CSO: 1827/212
PERSONAL INCOME AND SAVINGS

FACTORs WHICH INFLUENCE CONSUMER WELFARE DESCRIBED

Moscow AGITATOR in Russian No 16, Aug 85 pp 26-29

[Article by Professor G. Sarkisyants, doctor of economic sciences: "The Aspects of Our Welfare Are Increasing"]

[Text] We use the word "welfare" frequently. But we often assign different meanings to this word. For example, some people give this word a simplified interpretation, reducing it to a question of monetary wage levels and consumption. This simplified, vulgarized approach, incidentally, is characteristic of bourgeois propaganda.

One can easily see the essential nature of this sort of trick. It makes it possible to skirt pressing social issues and to avoid comparisons in those areas where the advantages of socialism, along with the anti-popular essence of the bourgeois system, are especially graphic. For example, bourgeois propaganda frequently compares the wages of workers in the United States with those of the Soviet people. But nothing is said about the existence of public consumption funds in a socialist society, and the stability of prices for many goods and services. No mention is made of the fact that the people pay the lowest rates in the world for housing and municipal services, apartments are allocated at no cost for the majority of families, and medical care, education, and many other services are free.

What are the integral elements of welfare as we understand it? Welfare includes a wide range of issues involving the people’s vital activities—everything that is tied directly to meeting their physical and intellectual needs. This includes full employment, improved working and living conditions, fair distribution, real wages, society's concern for man from birth to old age, the formation of rational demands, more complete fulfillment of these demands, access to intellectual culture, free time, and so on.

Material welfare, and to a certain extent the satisfaction of spiritual needs, is determined by the population's income. This applies more to real income, rather than monetary income. Real income describes the level and dynamics of the real consumption of material and spiritual wealth. In the first four years of the five-year plan (1981-1984) real income per capita rose by 9 percent. How was this increase achieved?
The increase was due primarily to an increase in wages, which accounted for about three-fourths of the increase in real income. The average monetary wages for white and blue collar workers increased by 9.5 percent in the first 4 years of the five-year plan, and the kolkhoz farmers' wages rose by 22 percent.

Public consumption funds are playing a larger and larger role in improving the welfare of the Soviet people. Between 1981 and 1984 there was a 15 percent increase in the public consumption funds per capita. Public funds are now responsible for about one-third of the material goods and services used by the public.

The increase in workers' income in the 11th Five-Year Plan is due to a certain extent to the development of private subsidiary farming. For example, in 1983 these farms accounted for 26.3 percent of a kolkhoz farmer's family budget, as opposed to 25.3 percent in 1980; these figures were 3.4 and 3.1 percent, respectively, for white and blue collar workers.

Private subsidiary farming is still an important additional source for replenishing the country's food stocks and improving the welfare of the people, especially kolkhoz farmers. Collective market gardening and horticulture are an important way for many families of white and blue collar workers and retirees to make efficient use of their free time and to provide an additional source of agricultural produce.

Wages and public consumption funds are the two basic forms of socialist distribution. The relationship between these elements changes, but wages have been and will continue for a long time to be the primary source of the people's income. According to data from budget studies, in 1983 wages accounted for 70 percent of the total income of white and blue collar workers and 53 percent of kolkhoz farmers' income.

In the distribution of material and spiritual wealth, the CPSU assigns special importance to increasing social justice, which is based on the fundamental principle of socialism: "From each according to his ability, to each according to his labor."

The party is striving to see that this principle is adhered to rigorously, with no deviations, and that it becomes the standard in the life of each Soviet citizen.

This requires strict observance of distribution according to labor and elimination of wage levelling, along with fitting incentives for workers to achieve high labor results. At the same time, it is necessary for low productivity, inefficiency, shortcomings, and negligence in labor to have an influence on the economic awards received by workers and on their authority. Finally, we must step up the campaign against parasitism, various ways of obtaining income that do not involve labor, self-seeking behavior, and other negative phenomena that are in conflict with principles of social justice and the socialist way of life.

All this will do a great deal to raise the wages of those workers who are working as efficiently as possible, increasing their labor productivity, and
improving their professional skills. In 1984 the average monthly wages of white and blue collar workers reached 185 rubles, and the wages of skilled workers averaged 300 rubles and higher. The average wages, taking into account payments and benefits from public consumption funds, are 260 rubles per month. If one takes into account the fact that there is more than one person working in families of white and blue collar workers, then the family wages, including payments and benefits, are more than 460 rubles.

A number of major, centralized measures have been carried out in the 11th Five-Year Plan to raise wages. Wages have been raised in the coal industry, many categories of workers in agriculture are receiving higher wages, and as of 1 September 1984 teachers are receiving a graduated wage increase, and so on. A very pressing problem is to make further improvements in the wages of various categories of workers, taking into account the complexity and responsibility of their jobs, the working conditions, and intensity of the labor. Resolution of this problem requires that wage privileges for skilled workers and engineers be expanded, taking into account their labor results.

One should keep in mind that in recent years the wage levels for these categories of workers have become extremely close. For example, in 1965 wages for engineering and technical personnel were on the average 45.9 percent higher than the wages received by workers in industry, and 48.2 percent higher than wages for workers in construction; in 1970 these figures were 36.3 and 34.7 percent, respectively, in 1980 they were only 14.6 and 2.4 percent; and in 1983 wages for engineering and technical personnel were 10 percent higher than workers' wages in industry, and lower than the wages received by workers in construction.

The lag in the wage increases for engineering and technical personnel and the unjustified rapid levelling between their wages and workers' wages was one of the main reasons for the decline in the prestige of engineering work. This played a role in weakening incentives for engineering and technical personnel to improve their skills, in the poorer use of these personnel in the national economy, and in the decline in creative activity.

A resolution "On Improving Wages for Scientists, Designers, and Manufacturing Engineers in Industry" was adopted recently. It is aimed at stepping up the economic incentives for workers in these categories to accelerate scientific and technical progress and introduce new technology that meets the highest world standards.

Further improvements in wages also mean that the bonus system must be improved, and it must be made more effective. The priority goal here is to establish a more direct and visible tie between bonuses and labor results. This is especially important in light of the fact that there has been a tendency recently to distribute bonuses equally among workers, and thus provide a mechanical increase in wages.

It should be stressed that the increase in wages and income is occurring while a stable price level for many consumer goods is being maintained. The index of state retail prices in 1983, based on the 1970 level, was 108 percent. Retail prices for bread, bakery products, pasta, grain, vegetable oil, basic canned
goods, and sugar are still at the 1955 level, and prices for meat and dairy products are at the 1962 level. Prices have not changed for the existing assortment of fabrics, clothing, shoes, and many other goods that are in daily demand, along with basic household and cultural goods. In the 11th Five-Year Plan measures have been taken to raise, and also reduce, the retail prices for certain goods. The price increases, however, have not involved basic food and non-food products.

Increase in the Income of White and Blue Collar Workers and Kolkhoz Farmers (per worker; 1970 = 100)

Increase in the People's Real Income (per capita; expressed as a percentage, 1970 = 100)

Many food products, along with children's goods, are still being sold at prices that are significantly lower than the public expenditures on their production. For example, in 1983 a total of more than 40 billion rubles was allocated from the state budget to cover the difference between expenditures on the procurement, purchase, processing, and sale of meat and dairy products at the existing retail prices.

There was a significant increase in the size of these subsidies in connection with the introduction of new purchase prices and surcharges on 1 January 1983. For example, total state expenditures for the production and sale of 1 kg of beef in 1980 exceeded the retail price on the average by a factor of 2.2, and in 1983 this figure was 3.7; the corresponding figures for lamb were 2.4 and 3.2, respectively; state expenditures for pork were 47 percent higher than retail prices in 1980 and 2 times higher in 1983; expenditures on milk were 9 percent higher and 2 times higher, respectively; and for butter these expenditures were 53 percent and 2.8 times higher.

State subsidies for the production of children's goods in 1983 totalled about 1 billion rubles, and because of the decrease in retail prices for some of these goods on 1 September 1984, these subsidies rose even higher.

The state also provides subsidies to cover expenditures on maintaining the housing fund, since apartment rental payments cover only one-third of these
costs. In 1983 these subsidies totalled 8.3 billion rubles, as opposed to 3.4 billion in 1970.

In recent years there has been an increase in the level of consumption of various goods. Implementation of the Food Program is having a positive influence on providing the public with food products. Between 1980 and 1984 the annual per capita consumption of meat rose by 2 kg (from 58 to 60 kg), the consumption of milk and dairy products (based on milk content) rose from 314 to 317 kg, egg consumption rose from 239 to 256 eggs per capita, and this same indicator for fruit and berries increased from 38 to 45 kg. At the same time the consumption of bread products declined by 3 kg (from 138 to 135 kg).

There was an increase in the clothing, shoes, and cultural and domestic goods available to the public. At this time throughout the country as a whole almost one out of three families has a passenger car or motorcycle, and in rural areas this is true for almost one out of two families.

At the same time, however, the public demand for some food products, as well as certain fabrics, ready-made clothing, knitted goods, shoes, and building materials is not being fully met. Often the greatest shortage is in high-quality goods.

The CPSU Central Committee and the USSR Council of Ministers have recently adopted a number of important decisions aimed at expanding the production of consumer goods and improving their quality. A program for developing the production of consumer goods and the service sphere is being drawn up.

One of the most pressing problems is reducing the consumption of alcoholic beverages, with the primary focus on reducing the consumption of vodka and vodka products.

Changes in income and consumption are reflected in a graphic and concentrated way in the structure of family budgets, especially in the expenditure column. On the average, a worker's family pays 2.7 percent of its gross income for housing, gas, heat, and water, and this share does not change because of stable rates, regardless of any improvements in housing conditions.

Taxes, with no increases in the rates, account for 8.7 percent. Savings, that is, growth in cash and deposits in savings banks, account for 6.4 percent.

About four-fifths of the budget is used to purchase goods and pay for services. Very little is spent on services, less than in a number of other countries, and the majority of the consumption expenditures are covered by the goods turnover. Outlays on food on the average account for less than one-third of the budget, and their share declines with an absolute increase that is related to an increase in the consumption of products. At the same time there is an increase in the proportion of expenditures on non-food products, especially cultural and domestic-use goods, and on services.

Public consumption funds cover further increases in the population's educational level. By the beginning of 1985 about nine-tenths of the working population had higher and secondary (complete and incomplete) education, as
opposed to 43.3 percent in 1959 and 12.3 percent in 1939. Over 60 percent of
those employed in the national economy had higher and secondary complete
education.

Health care issues are occupying a more prominent position in the party's
social policies. The USSR has about one-third of all the physicians working in
the world, and over one-half of all those in Europe. The Soviet Union is the
world's leader in terms of the number of physicians and hospital beds available
to the public.

As a result of developing health care and raising the standard of living, there
is improvement in the indicators that describe the health status of the
population. Along with an increase in the birth rate, there is a steady
decline in mortality. In 1983 the mortality rate was 10.3 per 1000 people,
which is lower than in many developed capitalist countries (11.7 in the FRG,
11.9 in Great Britain, and 12.3 in Austria).

The qualitative level of medical care still does not always correspond to
current demands. The primary focus of development in our health care system is
on increasing preventive care measures. The implementation of annual
preventive medical examinations for the entire population should play a key
role in this meeting this goal.

Public consumption funds are used to cover more than 80 percent of the costs of
caring for the elderly and disabled. As of the beginning of 1985 there were
54.8 million retired people in the country. The development of retirement
benefits is aimed at further improvements in living conditions and raising the
labor activity of retirees, with special attention being given to increasing
the minimum pension payments, bringing the retirement benefits for workers and
kolkhoz farmers closer together, and reducing the differences in pension
payments based on the time of retirement.

It is of special social and economic importance to increase the proportion of
public consumption funds that are earmarked for the economic support of
children and improving working conditions for mothers, which will at the same
time help improve the demographic situation in the country.

About one-third of the total public consumption funds in 1984 was spent on the
education, upbringing, and support of children. According to our estimates,
this covers approximately two-fifths of all expenditures on these purposes,
with the remainder being covered by the family budget. Expanded payments and
benefits for children are made possible both through the development of public
forms of service, and forms based on individual consumption (monetary
subsidies).

Children's pre-school institutions, schools, and extended-day groups are
experiencing greater and greater development. In the 11th Five-Year Plan the
parents' payment for children's pre-school institutions was abolished for
families whose income per person does not exceed 60 rubles a month. Nutrition
norms for these institutions have been raised, additional benefits have been
introduced to cover trips to pioneer camps, and students at general education
schools receive textbooks free of charge.
As the material welfare and culture of the people rises, improvements in living conditions take on more and more importance. In the past 10-15 years major changes have taken place in this area. In 1984 alone about 2 million apartments were built in the USSR, which is approximately the same number as were built in the United States, Great Britain, France, the FRG, and Canada combined.

As the people's material welfare rises, it becomes more and more important to increase free time and make rational use of free time, which, as K. Marx noted, is the genuine, true wealth of each person and the entire society. In the national economy the total number of days off from work now account for about one-third of the calendar days. People in the USSR enjoy one of the highest levels of free time in the world.

In increasing free time under current conditions, it is of the utmost importance that there be a reduction in the inefficient use of free time to perform housekeeping chores; this can be done by developing the sphere of domestic services and improving public amenities.

But the problem is not limited to increasing the amount of free time. It is important that efficient use be made of this time, and that the structure of free time be improved. As survey results show, many people still spend the majority of their free time (80-90 percent) on passive relaxation and entertainment.

All this is evidence, on the one hand, of the importance of further development of the service sphere and physical fitness and sports facilities, and improving the operation of cultural and domestic service institutions. Increasing free time and improving the use of free time are becoming important criteria in urban planning, in the placement of service enterprises, and in setting up their operating schedules. On the other hand, political indoctrination work should be focused more on developing the demand for efficient use of free time and helping people recognize the all-round importance of spending their time in a meaningful, active way.

The welfare of the Soviet people is a dynamic, developing factor. Their welfare will continue to rise steadily in the course of further transformation of our economy, scientific and technical renewal of production, and the achievement of the highest labor productivity in the world. As it calls on the Soviet people to work selflessly and intensively, the party has just one goal—to make the life of our people better. There is just one boss in the country—the working man, and everything that is done is done for his benefit.

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FIGURES ON RETAIL TRADE TURNOVER, PUBLIC CATERING FOR 1984

Moscow VESTNIK STATISTIKI in Russian No 6, Jun 85 pp 79-80

[Unattributed report: "The Material-Technical Base for Retail Trade in the USSR"]

[Text] III. THE MATERIAL-TECHNICAL BASE FOR RETAIL TRADE IN THE USSR, 1984

1. Retail Trade Enterprises by Union Republic (at year's end)

<table>
<thead>
<tr>
<th>Republic</th>
<th>No. of enterprises (thousands)</th>
<th>Trading area of stores (thousands m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>total including urban settlements</td>
<td>rural settlements</td>
</tr>
<tr>
<td>USSR</td>
<td>704,0</td>
<td>369,0</td>
</tr>
<tr>
<td>RSFSR</td>
<td>359,5</td>
<td>190,8</td>
</tr>
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<td>Ukrainian SSR</td>
<td>141,6</td>
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<tr>
<td>Belorussian SSR</td>
<td>25,3</td>
<td>10,8</td>
</tr>
<tr>
<td>Uzbek SSR</td>
<td>38,5</td>
<td>17,6</td>
</tr>
<tr>
<td>Kazakh SSR</td>
<td>42,4</td>
<td>18,1</td>
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<td>Georgian SSR</td>
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</tr>
<tr>
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<td>Lithuanian SSR</td>
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<td>4,8</td>
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<td>4,0</td>
</tr>
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<td>5,0</td>
</tr>
<tr>
<td>Kirghiz SSR</td>
<td>8,4</td>
<td>3,7</td>
</tr>
<tr>
<td>Tajik SSR</td>
<td>8,4</td>
<td>4,0</td>
</tr>
<tr>
<td>Armenian SSR</td>
<td>8,0</td>
<td>5,7</td>
</tr>
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<td>7,1</td>
<td>4,2</td>
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JPRS-UCG-85-015
21 November 1985
2. Public Catering Enterprises by Union Republic (thousands, at year's end)

<table>
<thead>
<tr>
<th>Republic</th>
<th>No. of enterprises</th>
<th>Seating for</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>total</td>
<td>including</td>
</tr>
<tr>
<td></td>
<td>urban</td>
<td>rural</td>
</tr>
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<td>41.1</td>
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<td>7.5</td>
</tr>
<tr>
<td>Uzbek SSR</td>
<td>19.7</td>
<td>9.8</td>
</tr>
<tr>
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<td>18.0</td>
<td>10.8</td>
</tr>
<tr>
<td>Georgian SSR</td>
<td>8.3</td>
<td>5.3</td>
</tr>
<tr>
<td>Azerbaijan SSR</td>
<td>10.0</td>
<td>6.4</td>
</tr>
<tr>
<td>Lithuanian SSR</td>
<td>4.3</td>
<td>2.9</td>
</tr>
<tr>
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</tr>
<tr>
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<td>3.3</td>
</tr>
<tr>
<td>Turkmen SSR</td>
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<td>1.9</td>
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3. Trading Areas in Stores and Seating Available at Public Catering Enterprises per 10,000 People (at year's end)

<table>
<thead>
<tr>
<th>Republic</th>
<th>Trading area of stores, m²</th>
<th>Seating available in public catering enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>total</td>
<td>including</td>
</tr>
<tr>
<td></td>
<td>urban</td>
<td>rural</td>
</tr>
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<td>1 820</td>
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<td>RSFSR</td>
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<td>Belorussian SSR</td>
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<td>1 587</td>
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<td>1 688</td>
</tr>
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<td>Georgian SSR</td>
<td>1 739</td>
<td>2 234</td>
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<td>Azerbaijan SSR</td>
<td>1 193</td>
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<td>Lithuanian SSR</td>
<td>1 651</td>
<td>1 850</td>
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<td>Moldavian SSR</td>
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<td>Latvian SSR</td>
<td>1 924</td>
<td>2 026</td>
</tr>
<tr>
<td>Kirghiz SSR</td>
<td>1 404</td>
<td>1 539</td>
</tr>
<tr>
<td>Tajik SSR</td>
<td>1 133</td>
<td>1 900</td>
</tr>
<tr>
<td>Armenian SSR</td>
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<td>1 815</td>
</tr>
<tr>
<td>Turkmen SSR</td>
<td>1 314</td>
<td>1 626</td>
</tr>
<tr>
<td>Estonian SSR</td>
<td>1 854</td>
<td>1 851</td>
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</table>
4. Self-Service Stores (at year's end)

<table>
<thead>
<tr>
<th>Type of store</th>
<th>number of stores</th>
<th>turnover 4th quarter of 1984 (millions fr.)</th>
<th>Self-service stores as percentage of particular specialty no. of stores</th>
<th>turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>STATE TRADE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food stores</td>
<td>43 086</td>
<td>10 822</td>
<td>40,5</td>
<td>50,7</td>
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<tr>
<td>including:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>general department stores</td>
<td>16 171</td>
<td>7 106</td>
<td>24,5</td>
<td>44,3</td>
</tr>
<tr>
<td>bakery and confectionery</td>
<td>9 206</td>
<td>659</td>
<td>79,2</td>
<td>84,1</td>
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<tr>
<td>dairy</td>
<td>1 111</td>
<td>190</td>
<td>33,8</td>
<td>45,0</td>
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<tr>
<td>fruit and vegetable</td>
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<td>670</td>
<td>46,1</td>
<td>58,9</td>
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<tr>
<td>Nonfood stores</td>
<td>41 133</td>
<td>14 894</td>
<td>57,1</td>
<td>65,9</td>
</tr>
<tr>
<td>including:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>clothing</td>
<td>2 786</td>
<td>1 731</td>
<td>92,6</td>
<td>96,6</td>
</tr>
<tr>
<td>sports and tourism goods</td>
<td>997</td>
<td>438</td>
<td>63,1</td>
<td>68,8</td>
</tr>
<tr>
<td>footwear</td>
<td>2 368</td>
<td>704</td>
<td>86,1</td>
<td>87,2</td>
</tr>
<tr>
<td>notions-knitted-perfumery</td>
<td>2 162</td>
<td>534</td>
<td>41,6</td>
<td>52,4</td>
</tr>
<tr>
<td>books</td>
<td>6 832</td>
<td>273</td>
<td>79,7</td>
<td>75,7</td>
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<tr>
<td>domestic goods</td>
<td>5 401</td>
<td>872</td>
<td>70,5</td>
<td>79,2</td>
</tr>
<tr>
<td>general stores</td>
<td>3 165</td>
<td>526</td>
<td>14,3</td>
<td>32,6</td>
</tr>
<tr>
<td>CONSUMER COOPERATIVES</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>food stores</td>
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<td>5 710</td>
<td>69,3</td>
<td>72,5</td>
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<tr>
<td>nonfood stores</td>
<td>92 237</td>
<td>7 404</td>
<td>89,5</td>
<td>90,6</td>
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<tr>
<td>general stores (everyday goods)</td>
<td>68 128</td>
<td>3 015</td>
<td>66,3</td>
<td>76,7</td>
</tr>
</tbody>
</table>

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