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6 FEBRUARY 1979

(FOUO 2/79)

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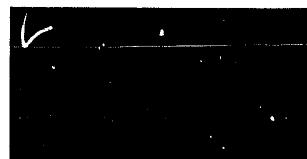
JPRS L/8266

6 February 1979

TRANSLATIONS ON USSR TRADE AND SERVICES
(FOUO 2/79)



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BIBLIOGRAPHIC DATA SHEET		1. Report No. JPRS L/8266	2.	3. Recipient's Accession No.
4. Title and Subtitle TRANSLATIONS ON USSR TRADE AND SERVICES, (FOUO 2/79)			5. Report Date 6 February 1979	6.
7. Author(s)			8. Performing Organization Rept. No.	
9. Performing Organization Name and Address Joint Publications Research Service 1000 North Glebe Road Arlington, Virginia 22201			10. Project/Task/Work Unit No.	
			11. Contract/Grant No.	
12. Sponsoring Organization Name and Address As above			13. Type of Report & Period Covered	
			14.	
15. Supplementary Notes				
16. Abstracts This serial report contains information on international economic relations, communications, consumer goods, domestic trade, transportation, manpower, and industrial sociology.				
17. Key Words and Document Analysis. 17a. Descriptors USSR International Relations Commerce Consumer Goods Domestic Trade Economics Manpower Telecommunications Transportation				
17b. Identifiers/Open-Ended Terms				
17c. COSATI Field/Group 5C, 5I, 17B				
18. Availability Statement FOR OFFICIAL USE ONLY. Limited Number of Copies Available From JPRS			19. Security Class (This Report) UNCLASSIFIED	21. No. of Pages 37
			20. Security Class (This Page) UNCLASSIFIED	22. Price

FORM NTIS-15 (REV. 3-72)

THIS FORM MAY BE REPRODUCED

USCOMM-DC 14952-P72

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JPRS L/8266

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INTERNATIONAL ECONOMIC RELATIONS

SOCIALIST ECONOMIC INTEGRATION AMONG CEMA COUNTRIES

Moscow VOPROSY EKONOMIKI No 11, 1978 pp 109-114

[Article by K. Yevstigneyev: "Convergence of Economic Mechanisms of CEMA Countries"]

[Text] The process of intensification of socialist economic integration and evening out of the levels of economic development of countries of the fellowship have put [sic] on the agenda of the day convergence of economic mechanisms of CEMA countries as a component part and a necessary condition of these processes.¹

Socialist economic integration intensifies mutual relationships of the reproductive structures of CEMA countries by way of development of international specialization and cooperation of production, directed toward raising the effectiveness of the national economy. The intensification of cooperation in production, substantiated by contemporary scientific and technical revolution, requires a substantial improvement of the earlier formed forms and methods of cooperation which cannot be indifferent to the national systems of economic management. Improvement of the mechanism of integration is directly dependent on the development of national systems of management.

The forms and methods of economic and scientific-technical cooperation of socialist countries have always been and still are under the influence of the systems of national economic management in those countries. Until mid 1960's, even though the systems of economic management in CEMA countries were very similar, they did not motivate sufficiently enough the rapidly industrializing economies to realize international specialization and cooperation of production whose development made headway mainly through the

¹ "The principle of evening out the economic development of countries included in it is inherent in the world socialist system. But the closer the levels of economy of individual countries, the more readily the forms of manifestation of common principles of building socialism converge. The importance of the search for the most effective international forms of their realization increases. This refers, in particular, to the methods of managing the economic buildup." (M. Volkov, "Topical Tasks of Economics," KOMMUNIST No 10, 1978, p 71)

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coordination of mutual commodity turnover. Then the integrational process as the process of international socialist cooperation of national labor was only in the stage of inception.

The adoption of the Complex Program of Socialist Economic Integration of CEMA Countries coincided in time with the first years of economic reforms in those countries. Improvement of the methods of planning, strengthening of economic stimuli, creation of large associations--all this contributed to the heightening of the countries' interest in the international cooperation of production both on a macro and on a micro scale.²

The central link of economic management of every socialist country is planning. Accordingly, joint planning activities in the form of coordination of five-year and long-term plans, joint planning of the development of individual industries and types of production, making forecasts, and exchange of planning experience occupy first place among the instruments of cooperation of CEMA countries. The relationship between one and the other is obvious. At the same time the improvement of joint planning activities of CEMA countries is to a considerable degree determined by the level of planning in those countries. Indeed, intensified program- and goal-oriented interindustrial approach to the development of national economic plans, accompanied by the widening of horizons of national planning, has exerted influence also on the approach to the determination of goals of the coordination of plans of CEMA countries: long-term goal-oriented programs of cooperation (DTsPS) in the key complexes of industries of physical production have become a new important instrument of integration. At the 32nd meeting of the session of CEMA (1978) three out of five DTsPS earmarked for development were approved: in the field of energy, fuel, and raw materials; agriculture and food industry; machine building. Preparation of DTsPS, embracing consumer goods production and transport, is coming to an end. Or another example: increasing the role of ministries and economic associations leads to improvement of the organization of work in respect to the coordination of plans, as well as to the inception and development of such a prospective form of cooperation as joint planning in separate sectors of production.

These and other measures to adjust the planning instruments of cooperation to the new intergovernmental and external conditions cannot, as experience shows, produce proper effect without reliable value criteria of international specialization. The development of commodity-monetary relations in socialist countries in conjunction with the growing role of program approach to planning and the creation of cost accounting production associations makes

² Contrary to the facts, bourgeois authors contend that economic reforms are allegedly "directed against integration within the limits of CEMA" (P. Clendenning, "COMECON: Progress and Prospects," NATO REVIEW, Brussels 1977, Vol 25, No 3, p 16). By characterizing economic reforms as the reason for intensified in recent years economic relations of some CEMA countries with the West, the cited author is distorting the truth. The expansion of such relations is caused by completely different reasons, in particular, by the utilization of some new possibilities of cooperation with capitalist countries.

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it possible to reveal more accurately the directions of specialization of production, taking into account the needs of the whole socialist fellowship. The strengthening of economic stimuli of international specialization on the macro and micro level of national economy in the end contributes to the improvement of the whole system of value instruments of cooperation: rates of exchange, credit, prices, and so forth.

In our opinion, the point of view, according to which "the effective use of the coordination of plans, and all the more of joint planning as instruments of the international division of labor among CEMA countries must be preceded by the creation of a complex economic mechanism of integration. And only on the basis of this mechanism owing to the utilization of its stimulating effect can the effectiveness of plan coordination and joint planning manifest itself,"³ is invalid. Understanding the coordination of plans, the whole joint planning activities as a passive reflection of the requirements of the law of value is actually a call to form international specialization in a roundabout way, through the market, which in no way can be recognized as effective.

Plan-oriented nature of socialist economy makes it possible to realize economic integration more rationally, by way of putting the planning, commodity-monetary, and organizational instruments in operation simultaneously. For example, it is advisable to reorganize foreign trade prices in the course of developing DIsPS and other plan-related documents of cooperation, and not separately.

Taking the course of program- and goal-oriented approach to the introduction and realization of integrational measures--such are the objective laws governing the development of the economic mechanism of socialist integration. Carrying out this course is not impeded by the fact that the participants of the integration are sovereign states who do not pass their prerogatives on to a supernational organ. Speaking at the Fourth World Congress of Economists in Budapest (1974), O. Bogomolov pointed out in this connection the confession of a Western economist that an inter-State formula binds each of the governments stronger than a supernational function.⁴

³ GOSPODARKA PLANOWA No 9, 1973, p 592. Let us note, that in this context the author understands under the economic mechanism only the set of value instruments, i.e. interprets the economic mechanism in the narrow sense of the word.

⁴ See MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA No 11, 1974, p 29. Herewith let us note, that in the Common Market "a situation of unique 'interregnum' has formed itself when national mechanisms of foreign economic control are /already/ *in italics* partially deformed, but a unified international mechanism has not been created /yet/ *in italics* (and whether it will be created, is unknown)." (Yu. Shishkov, "Dilemma of the Common Market," NOVOYE VREMYA No 44, 1974, p 19)

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Economic reforms in CEMA countries have stimulated the acceleration of the processes of international socialist division and cooperation of labor. They have given impetus to the active and versatile inclusion of national systems of economic management in the forming mechanism of international socialist integration. Gradual convergence of national systems of management is a necessary condition for further development of this mechanism and deep mutual penetration of the reproductive structures of CEMA countries. This convergence should be envisioned not as automatic averaging of the methods of economic management in individual countries and not as their reorganization after the likeness of methods effective in any one country. In our opinion, convergence of the national systems of management occurs as the levels of economic development and accordingly the conditions of economic operations in CEMA countries even themselves out naturally. Obviously, the process of formation of the systems of management, adequate to a developed socialist economy, should be viewed as the general direction of convergence of the national systems of management. Of course, we are not speaking about a complete unification of systems, because this would mean ignoring the specific conditions of countries and, therefore, not using the internal reserves of production to the full.

Economic reforms launched in all the countries from the very beginning pursued the same goals--increase in the efficiency of public production and transfer to the intensive type of expanded reproduction. That is why they went in the same direction: increasing the role of centralized planning, turning large economic complexes into the main link of the national economy, increasing the responsibility, and intensifying the economic stimulus of economic links. But the approaches to the achievement of these goals differed noticeably among the countries. This was explained not only by objective conditions, although economic methods react more keenly to the concrete economic situation than administrative methods. Each country led its own search for optimum solutions. In the course of this search positive experience was accumulated, and forms and methods of economic operations which have not justified themselves were discarded.

At the present time in the European countries-members of CEMA one can observe entry as if into "the second round" of economic reforms which is characterized by a more successive (taking into account the experience of the past decade) realization of the originally developed principles of improvement of planning and economic management. Concrete examples of this new stage can be seen in every country. In the CSSR, for example, a complex experiment was started on a large scale in February 1978 in the management of efficiency and quality, on the basis of which it is expected to develop measures to improve management of the whole national economy in the years 1981-1985. In the Hungarian People's Republic they are paying attention to the strengthening of the economic levers of optimization of the structure of public production; in particular, they are raising the stimulating function of the price. In the Polish People's Republic they are carrying out work in respect to the improvement of a new financial-economic system, known as the system of large economic organizations (KKhO). In the People's Republic of Bulgaria on the

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basis of decisions of the National Party Conference (April 1978), dedicated to the improvement of socialist organization of labor and planned management of the economy, Central Committee of the Bulgarian Communist Party and the Council of Ministers adopted in June 1978 a decree, directed "to surmount excessive centralization of the operations management of production, to consolidate and increase economic independence and initiative of associations, combines, agrarian-industrial and industrial-agrarian complexes, and other economic organizations."⁵ In the Socialist Republic of Romania in the beginning of 1978 they announced "the breaking of the obsolete mechanism and its replacement with a new mechanism, taking into account the demands of the rapid progress of productive forces, modern forms of financial-economic management, democratic limits of independence and self-government of enterprises."⁶ Plenum of the Central Committee of the Romanian Communist Party, held in 1978, and the joint meeting of the Politispolkom of the CC of the RCP, Permanent Bureau of the Supreme Soviet of Socioeconomic Development, and the Council of Ministers of the Socialist Republic of Romania have adopted a number of important decisions in respect to this question.

All this gives reasons for certain conclusions about the tendencies of development of the forms and methods of planned economic management in the European countries of socialist fellowship. First of all chief attention is given to the large economic organizations which are becoming the main link of the national economy. In the CSSR the concerns (of the type of production associations in the USSR) are gradually replacing the trusts (of the type of industrial associations in the USSR). In the Hungarian People's Republic State Enterprises Law went in effect on 1 Jan 78 which declared as the main link of the national economy an enterprise which upon the decision of a constituent organ can enter a trust (as a juridical person) or voluntarily, an association. Although this law did not revive the official statutes of the so-called large industrial enterprise, created back in mid 1960's, nonetheless it took into account that such enterprises are actually functioning, embracing the greatest part of industry.⁷ Chairman of the Planning Commission under the Council of Ministers of the Polish People's Republic T. Vzhashchik, commenting on the March (1977) decision of the government about the modification of the financial-economic system effective in KKhO, noted that "the system of KKhO, put in effect in the middle of the past five-year period, had passed the test and contributed to the fulfillment and over fulfillment of the 1971-1975 five-year plan."⁸ In the People's Republic of Bulgaria the June (1978) decree on the "Extension of Rights and Duties of Economic Organizations" was addressed to large links of the national economy which are all economic organizations which, in turn, include the so-called production-economic links (enterprises, plants, factories, and so forth which

5 D"RZHAVEN VESTNIK No 51, 1978.

6 SCINTEIA 18 Feb 1978.

7 FIGYELŐ No 51, 1977.

8 ZYCIE GOSPODARCZE No 19, 1977.

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have internal cost accounting). In this decree the economic combine was named as the most successful form of direct organization and management of production.

In all the above-named countries measures are being taken in respect to further improvement of the financial-economic instruments of economic organizations management. As an example we can give the search for the best version of using the indicator of net or conventional-net output as a basis of economic stimulus. This refers first of all to the formation of the wage fund. Thus, in the CSSR at industrial enterprises which participate in the above-mentioned experiment the accepted standard of wage fund formation is calculated as a percentage of the volume of conventional-net output.

In the Hungarian People's Republic since the beginning of the previous five-year plan at a number of enterprises the growth limit of the supplementary wage is regulated by one accepted standard of dependence of the wage on the indicator of output (wage plus profit) per worker. This accepted standard is not established by a directive, but is determined by the system of taxation of the growth of the average wage at an enterprise. Since 1976 at more than half of all enterprises the growth of the average wage or the wage fund depends within certain limits on the mentioned accepted standard.

In the Polish People's Republic a normative method of wage fund formation is in effect. In most organizations differentiated standards of wage fund increment for every percent of additional (conventional-net) output are accepted. In some organizations the accepted standard is established as a share of the wage fund in the volume of added output.

Socialist Republic of Romania this year announced transfer to the indicator of net output as the criterion of determination of the magnitude of wage funds at the enterprises.

In the field of investment management growth of the share of own funds and returnable loans in the common sources of capital investment financing continues. In Hungary a principle is in effect since 1976, according to which all capital investments, including those realized upon the decision of central organs, must be paid by enterprises from their own funds, bank loans or special government returnable loans. In Hungary and Poland the amortization of objects put in operation on credit becomes the source of repayment of the loans, and when there is not enough amortization, also profit from the use of the same objects. The mentioned profit also pays interest on loans, which in some countries was raised to 8 percent.

During the distribution of profit, much attention is attached to the increase of the role of payments of cost accounting organizations to the state budget. Payments connected with the volume of resources, used by the enterprises (payments for the funds, for the use of land, water, different kinds of set contributions to the state budget to finance social insurance benefits), have become popular.

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The final allocation of profit between the state budget and the funds of enterprises in the GDR and Socialist Republic of Romania is realized with the help of a special payment whose planned rate is determined in an absolute sum. Along with this in some countries they are looking for a formula which would permit them to realize till the end the principle of quota allocation of profit, to bind the interests of individual enterprises more closely with the interests of the whole national economy. The experience of such allocation, which excludes net surplus of profit, has been accumulated in particular in Hungary.

Our task does not include a detailed analysis of all the recent measures in respect to the improvement of economic mechanisms in CEMA countries. Suffice it to say that they all signify further development of the principle of democratic centralism applicable to modern conditions, expansion of democratic foundations of national economic management and, therefore, intensification of a tendency to converge the economic mechanisms of socialist countries.⁹

Does understanding the convergence of the national systems of management as an objective process, connected with the ripening of the respective domestic conditions, mean passive waiting for the convergence of systems? Should the changes of external conditions of development, in the first place the needs of socialist economic integration be reflected in the national economic mechanisms? If yes, then won't this upset the objective laws of intraeconomic development of countries? In the economic literature already quite definite answers are forming to these questions. For example, Czechoslovak economists L. Mateyka and Y. Golechek state in the article "Integration and the National Systems of Planned Management" that "the main purpose of convergence of the national systems of management is orientation toward improvement in these systems of prerequisites which promote the intensification of integrational processes."¹⁰

Many participants of the international theoretical seminar, organized by the IEMSS AN SSSR [Institute of Economics of the World Socialist System under the USSR Academy of Sciences], also think that the important problem of improvement of joint planning activities is further adaptation of economic mechanisms of socialist countries to the conditions of economic integration, creation of prerequisites for their inclusion in this process. Bulgarian scientist T. Lyubikov focuses his attention on the fact that the process of convergence of national economic mechanisms needs management just like the

⁹ A unique reaction to this tendency was an editorial in the Jan 1978 issue of the magazine SOVIET STUDIES which contained an appeal to Western "Sovietologists" to accentuate their attention on the differences of economic mechanisms of socialist countries, to compare the experience of some countries in this field with the experience of other countries.

¹⁰ HOSPODÁŘSKÉ NOVINY No 36, 1976, p 3.

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process of improvement of the mechanism of integration.¹¹ According to the opinion of G. Kraft (GDR), in the process of improvement and convergence of national systems of planning and management it is necessary to resolve the following problems: delimitation and determination of functions of all organs of management in the national economy from the point of view of their activities within the limits of socialist economic integration; determination of coordinated indicators of efficient development of socialist economic integration, taking into account the specific needs in diverse fields of management; creation in the national economic system of management and planning of conditions, ensuring the activities of international economic organizations; development and introduction of common nomenclatures, especially of a single classification of manufactured goods in CEMA countries. Adaptation of these elements which are a component part of the national systems of planning, G. Kraft notes, can occur only gradually, as the internal conditions of production in individual countries converge and socialist integration develops.¹²

It should be noted that in the Soviet Union a series of important measures were taken in respect to the adaptation of elements of the economic mechanism to the requirements of integration. For example, in Article 15 of the Law About the Council of Ministers of the USSR it is expressly pointed out that the Council of Ministers "organizes and directs the activities, connected with participation of the USSR in socialist economic integration and international socialist division of labor; takes measures to ensure coordination of the State plans of the USSR with the State plans of countries-members of the Council of Economic Mutual Assistance, realize specialization and cooperation of production, develop and realize long-term goal-oriented programs of cooperation with countries-members of the Council of Economic Mutual Assistance."

The question of picking out and separating in the national systems of economic management special blocks, with the help of which these systems link up directly with each other, merits attention. Here, though, we are speaking not about some similar systems of planning, organization, and stimulation of foreign economic activities, but about the fact that such systems have been in principle created and are functioning. The fact, that "in some countries in the course of economic reforms the independence of enterprises

¹¹ See "Interaction of Intergovernmental Planning and Control Systems With the System of Joint Planning." "Materialy mezhdunarodnogo teoreticheskogo seminara" /Materials of the International Theoretical Seminar/, MIEP MSS /Moscow Institute of Economic Planning World Socialist System/, IEMSS AN SSSR, Moscow, 1978, p 120.

¹² See "Interaction of Intergovernmental Planning and Control Systems With the System of Joint Planning," p 44.

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and economic organizations in the sphere of foreign economic activities increased more than in other countries," and "therefore, sometimes in the course of economic cooperation there arise certain difficulties because of a lack of coincidence of authority and differences in the level of concrete partners during the negotiations,"¹³ does not serve, in the opinion of Deputy Chairman of Gosplan USSR N. Inozemtsev, as an argument in favor of unification of these systems.

While concurring with this point of view, at the same time it is impossible not to mention that the foreign economic block is not isolated from the common system of economic management and that in the future, as the integrational processes develop, there will occur "a steady broadening of the field for maneuvering the material, financial, and labor resources on an international scale, transformation of foreign economic activities into a component part of the whole intraeconomic life of socialist countries."¹⁴ That is why the regularity of convergence (not unification!) of the forms and methods of economic management cannot help touching upon the extroeconomic activities proper as well.

Already at the present time in none of the CEMA countries is the system of extroeconomic relations management built without being reflected in special or other sections of national plans of resources, including capital investment allocated to carry out integrational measures. In the economic mechanisms of countries the relationships of production and foreign trade enterprises are getting stronger, and the organizational forms of realizing state monopoly on all forms of extroeconomic relations are improving. A closer dependence between the effect from external economic activities and the result of production-economic activities inside the country is established; this dependence is reflected also in the cost accounting stimuli of production.

From everything that has been said it can be seen that the convergence of economic mechanisms of countries of socialist fellowship is a multifaceted process which is in constant indissoluble interrelationship with the levels of economic development of individual countries, mechanism of integration, and the degree of development of integrational processes, as well as with many other, less significant factors. The convergence of economic mechanisms has not only economic, but also great political importance, being one of the aspects of the process of all-round convergence of socialist countries.

¹³ EKONOMIKA I ORGANIZATSIYA PROMYSHLENNOGO PROIZVODSTVA No 2, 1976, p 95.

¹⁴ Yu. S. Shiryayev, "Ekonomicheskiy mekhanizm sotsialisticheskoy integratsii" [Economic Mechanism of Socialist Integration], Izdatel'stvo Ekonomika, 1973, p 138.

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SOVIET-POLISH COMMISSION MEETS ON ISSUES IN THE ECONOMIC SCIENCES

Moscow VOPROSY EKONOMIKI in Russian No 11, 1978 pp 157-159

[Article by A. Arkhipov: "Fourth Session of the Soviet-Polish Commission on Cooperation in the Field of Economic Sciences"]

[Text] The fourth session of the Soviet-Polish Commission of the USSR Academy of Sciences and Polish Academy of Sciences, which was devoted to a discussion of socio-economic problems of the efficiency of national production under socialism, was held in May 1978 in Tallin. In opening the session, Academician T. Khachaturov, director of the Soviet unit in the Commission, noted the urgency of the problems which had been raised for discussion, pointed out the basic directions in research being done by Soviet scholars on the problems of efficiency, and cast light on the importance of developing theoretical questions of the efficiency of national production for practical use in the national economies of the USSR and Polish People's Republic.

The reports by the participants in the session can be tentatively broken down into three groups. The first group of reports was devoted to the theoretical and methodological problems of the efficiency of national production under socialism.

The basic questions of the theory of economic efficiency of socialist production, of economic efficiency as a category in the political economy of socialism, and of the national economic approach to the result (impact) of socialist production were examined in a report by A. Notkin, corresponding member of the USSR Academy of Sciences (Institute of Economics of the USSR Academy of Sciences). The utilization of all varieties of the intensive type of expanded reproduction during the period of mature socialism has done much, in the opinion of A. Notkin, to increase the results from the input of living and embodied labor that is directed toward the growth of the national well-being and accomplishment of other social tasks. This correlation between input and its result finds expression in the political economy of socialism in the category of economic efficiency of national production and reproduction, a category which characterizes the relations between a socialist society and the individual sectors of the economy and production collectives and within them, relations which are

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directed toward optimization of the impact of production in respect to input at all stages of economic operation and which are being implemented in the interests of the entire society. The reporting speaker argued in favor of the point of view which he has been developing during recent years, whereby the national economic impact of the utilization of the resources of socialist national production is expressed by the magnitude of the net product of society (national income).

The head of the delegation of Polish scholars, H. Cholaj, a corresponding member of the Polish Academy of Sciences, pointed out in his report the theoretical importance and practical meaning of the problem of efficiency of national production under conditions of developed socialism, shed light upon the process of formation and development of a theory of efficiency of socialist production, the formation of views on the category of efficiency and proposed and substantiated particular signs of the category of efficiency of national production that are peculiar to developed socialism. The specific character of the period of developed socialism consists, in particular, of the fact that the interdependency between the goal of socialist production and efficiency as one of the means to realize this goal is deeper than before. One of the specific traits of the category of efficiency under conditions of developed socialism consists of the fact that a heightening of production efficiency becomes an important aspect here of the conformity of economic growth to a law. By expanding the sphere of its scope, the category of efficiency expresses more consistently the essence of socialist production relations and takes on new forms to manifest itself. As socialism matures, in H. Cholaj's opinion, the social aspects of its development move up to the forefront. As a result of the growth in the importance of the social aspect in determining the efficiency of production, the concept of "economic efficiency" is more and more frequently replaced by the concept of "efficiency of national production," which expresses the integral character of the category of efficiency of national production. The reporting speaker noted that the period of developed socialism objectively alters the approach to the specific expression of the function of the goal of production. If at periods preceding developed socialism, overriding significance was attached to providing for the material well-being, then the demands of man now reach more and more beyond the strictly economic framework. Incomparably greater importance is being assumed by social goals in development: the formation and perfection of the socialist way of life, improvement of working conditions and the nature of labor, etc. Thus, the impact of socialist production must respond to social demands. Further on, H. Cholaj dwelt upon some discussion questions, in particular, upon questions of the quantitative definition of the criterion for efficiency of national production.

J. Pajestka, corresponding member of the Polish Academy of Sciences, devoted his report to an analysis of the problem of combining national economic efficiency with the efficiency of economic organizations (enterprises). Speaking of the validity and unquestionable advantages of every kind of provision for national economic efficiency, he noted that the method of functioning for a socialist economic system has still not fully provided for efficiency on the scale of socialist enterprises. At the same time, experience has shown that

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the very highest national economic efficiency cannot be achieved without a firm grounding for it in the efficiency of enterprises. Further on, J. Pajestka examined the most important over-all measures that are directed toward combining efficiency on the macro- and microeconomic scale.

In the second group of reports, problems of scientific-technical progress as the basis for raising production efficiency and questions of the socio-economic efficiency of new technology, as well as of the rational utilization of manpower resources as a factor in raising the efficiency of economic operation, were examined.

In the report by Academician A. Arakelyan of the Armenian SSR Academy of Sciences (Institute of Economics of the Armenian SSR Academy of Sciences), the qualitative changes that are occurring in the tools of labor, in production technology and the utilization of energy were pointed out. He cast light on the objective tie between the development of scientific-technical progress and increasing the qualifications of workers and he stressed the need to improve the administration of scientific-technical progress, which envisages a more rapid assimilation in production of the results of scientific research work which has already been completed.

A lively discussion was provoked by the positions set forth in the report by Doctor of Economic Sciences M. Vilenskiy (Institute of Economics of the USSR Academy of Sciences) on the question of utilization of the category of socio-economic effectiveness in the administration of scientific-technical progress. The speaker examined not only the objective need for evaluation of new technology through a criterion and through indicators of socioeconomic effectiveness, but also the real potential for such an evaluation.

A. Melich (Polish People's Republic), corresponding member of the Polish Academy of Sciences, dwelt in his speech on the problems of the rational utilization of manpower resources called for by the switch to intensive methods of economic operation, which has been acquiring ever greater importance in recent times. He gave a review of the situation in regard to manpower resources in Poland, which is characterized by a growth of short supply in the labor force. In his opinion, one must not exaggerate the scarcity of manpower in the country, since there are substantial internal resources in connection with the policy which has been carried out for a long number of years of providing for full employment at enterprises. Intersectorial shifts and a change in the structure of employment are important instruments in the rationalization of employment. In this connection, A. Melich directed attention to the next point. If stress has been laid on measures to combat personnel turnover in the policy of job placement until recently, then now the need to resolve at the same time the questions of justified changes in one's place of work is becoming ever more urgent, since goal-directed shifts of employees respond to the interests of society. The speaker also raised the question of giving enterprises and collectives an incentive for the rational utilization of manpower resources. The system of providing incentives must direct enterprises toward replacing living labor with embodied labor, improvement in its organization, the utilization of material and moral incentives, and improvement in the methods of planning and forecasting job placement.

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The third group of speeches was devoted to current problems of the efficiency of capital investments and the effectiveness of regional economic development.

The report by Doctor of Economic Sciences V. Krasovskiy (Institute of Economics of the USSR Academy of Sciences) analyzed the methodological problems in the efficiency of capital investments: retooling of the national economy and the time factor, accounting for the statistical lag in a planned economic system, goal-directed economic programs, integral effect and giving it dynamism, scientific-technical progress and building cycles. K. Secomski, member of the Polish Academy of Sciences, along with an examination of the questions of micro- and macroeconomic efficiency of capital investments, touched in his report on the problem of working up methods for evaluating joint capital investments being carried out on the basis of the program for economic integration of the CEMA countries. This relates to major joint construction projects, first and foremost, in the extractive industry.

V. Tarmisto, corresponding member of the Estonian SSR Academy of Sciences (Institute of Economics of the Estonian SSR Academy of Sciences), examined the problems of the effectiveness of regional economic development of the Union republics and of major economic regions on the basis of the example of the Estonian SSR. In his opinion, these problems must be resolved in more detail, inasmuch as one can take specific local factors into account to a much greater extent here.

Doctor of Economic Sciences W. Welfe (Polish People's Republic) gave a report on the utilization of econometric models in the process of planning for the national economy of the Polish People's Republic.

In the concluding speeches, Academician T. Khachaturov and H. Cholaj, corresponding member of the Polish Academy of Sciences, noted the importance and opportuneness of the meeting that had been held for the further successful development of research in the field of socio-economic problems of the efficiency of national production under socialism. An understanding was reached on holding the next session of the commission in Warsaw during the second half of 1979, where there will be a discussion of questions of international economic integration of socialist countries and the economics of technical progress.

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INTERNATIONAL ECONOMIC RELATIONS

STRUCTURE OF MULTILATERAL COOPERATION OF CEMA COUNTRIES

Moscow VOPROSY EKONOMIKI in Russian No 12, 1978 pp 66-74

[Article by Yu. Kormnov in the section "Economics of the World Socialist System": "Development of the Organizational Structure of Multilateral Cooperation of the CEMA Countries"]

[Text] In January of the coming year the countries in the socialist community and all progressive mankind will mark the 30th anniversary of CEMA--the world's first organization for economic cooperation between socialist countries. The formation of CEMA which was effected by the will of the communist and workers' parties of the socialist countries in Europe--Bulgaria, Hungary, Poland, Romania, USSR and Czechoslovakia--has become a major historical step along the path foretold by V. I. Lenin, in which as a counter balance to imperialism which alienates nations against each other, socialism is creating "new, higher forms of human society, when the legitimate needs and progressive aspirations of the working masses of /any/ [in bold-face] nationality will be satisfied for the first time in international unity...."¹

During the past 30 years from a regional organization of cooperation of European socialist countries CEMA has become an organization of the socialist countries of three continents: Europe, Asia and Latin America. Twelve years after the GDR joined CEMA (1950) the MNR [Mongolian People's Republic] became a member (1962), and ten years after that the Republic of Cuba also became a member. At the 32d session held in the summer of 1978 the Socialist Republic of Vietnam joined CEMA. This great event of international significance evoked the universal approval of the fraternal countries and parties. A. N. Kosygin stressed at the session that the "entry of Vietnam into CEMA shows the continuing solidarity of the countries of world socialism under the banner of Lenin's ideas."

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The might of the CEMA community which is getting stronger personifies the intensification of the entire organizational and institutional system of their multilateral cooperation as a component of the mechanism for economic cooperation of the fraternal countries. This system has withstood the test of time and on the whole is providing the proper conditions for efficient and dynamic development of the mutual ties of the fraternal countries, which does not by any means cancel the continuing improvement of it in light of the new problems of cooperation at the present stage of its development. The decisions of the 32d CEMA session have become an important step along this path.

CEMA has laid down the foundations for forming a ramified organizational and institutional structure of multilateral cooperation of the fraternal countries. This process is developing under the effect of the progress of the productive forces and international socialist collectivization of production. The communist and workers' parties and the governments of the CEMA countries are guiding it taking into account the requirements of the economic laws of socialism as the advanced social system and a world system.

There is a close link between the internal government organizational systems for control of the economic structure in socialist countries and the structure for collective control of mutual economic cooperation. The commonality of the direction of the social and economic progress of the fraternal countries and the problems being solved by them in building developed socialism and communism lies at the basis of the development of both administrative structures.

The organizational structures for control of social and economic development have been formed and strengthened during the 30 years in the countries of the community. This does not, however, preclude their further progress, for as L. I. Brezhnev emphasized at the 24th CPSU Congress "The improvement of a control system is not a one-time measure, but a dynamic process for resolution of problems being posed by life."

The development of the monopoly of a socialist state on foreign trade into its monopoly on the entire aggregate of foreign economic ties is being put into the forefront among the fundamental improvements in the foreign economic sphere. Reflected in this is the developing foreign economic function of socialist states, which now does not consist only of relations of trade exchange, but is spreading also into the area of production-economic, construction, transportation, scientific and technical, monetary-credit and other relations in the economic sphere. This fact was consolidated by legislation for the first time in the new USSR Constitution. Article 73 states: "The jurisdiction of the USSR, represented by its higher organs of state power and

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administration extends to...foreign trade and other forms of foreign economic activity on the basis of state monopoly."

The plurality of concrete subjects of foreign economic ties of our country with other socialist countries does not violate the unity of will and the policy of a socialist state since overall direction of them is exercised by the USSR Council of Ministers. It has been consolidated in the USSR law on the USSR Council of Ministers that the government of the Soviet Union "organizes and directs the activity associated with the USSR participation in socialist economic integration and international socialist division of labor; and takes steps to insure coordination of USSR state plans with the state plans of the CEMA countries, to effect specialization and cooperation in production, and to develop and implement long-term special programs for cooperation..."

At the session of the USSR Supreme Soviet (6 July 1978), A. A. Gromyko said that "The significant expansion of the sphere of international cooperation of the Soviet Union has required the direct involvement of literally dozens of different ministries, committees and departments in the work on making interstate agreements." The same situation applies to all the CEMA countries. It reflects an important feature of the current stage of their economic cooperation.

Practically all state committees, ministries, departments and administrative organizations of the Soviet Union now have various ties, which have been defined by law and decrees of the government, with their partners in the other socialist countries on questions of scientific and technical, economic and planning-coordinating nature which occur in various organizational and institutional forms. Also directly participating in them are economic organizations such as foreign trade, scientific and technical, transportation, industrial (from a number of CEMA countries), construction and other organizations. This stems from the fact that under the conditions of socialist economic integration economic ties are more and more simultaneously and interdependently encompassing science, technology, production, supply and sales, and exchange of services. It is quite natural that a "comprehensive solution to problems being coordinated which embrace the questions of science and technology, capital investment, specialization and cooperation in production, as well as coordination on this basis of mutual deliveries and the basic conditions for them" has evolved in the comprehensive program for socialist economic integration as a necessary condition for the high efficiency of cooperation. Also reflected in this arrangement is the comprehensive nature of the internal state planning solutions on the social and economic development of these socialist countries, and the requirements of the scientific and technical revolution which is consolidating the mutual ties

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of such links in the unified chain of technical progress as scientific research--engineering development--introduction into production--consumption.

The growing scale and complexity of the economic problems of socialist economic integration especially now, when the realization of long-term special purpose programs of cooperation in the main areas of production is becoming the core of all work in the CEMA agencies, are inevitably adding an ever greater number of ministries and organizations subordinate to them of the various countries to the work on preparation, coordination and realization of solutions and agreements on cooperation.

The intensification of the role and significance of comprehensive integrated forms of cooperation² of the socialist countries is leading to a qualitative improvement and deepening of international socialist production relations. This requires setting up and operating those international economic organizations which would effectively promote the planned development of cooperation and production, and the direction of temporary shifts in labor, material and financial resources in the CEMA community, facilitating the optimum association of them to raise labor productivity and exploit through joint efforts the natural resources located in the territory of one or another fraternal country.

Used for this within the CEMA countries are those economic and administrative measures which cannot be applied in the sphere of interstate coordination owing to state separation of socialist property and the full sovereignty of the fraternal countries, including also in the resolution by them of the questions on the use of natural resources. Therefore coming to the foreground in the area of mutual cooperation of the CEMA countries is not the administrative-managerial, but the planning-coordinating function, not some kind of "international" ministries, but specific international economic organizations (MEO). It is precisely in this organizational form that the production relations of the process of socialist collectivization of production in the cooperation of the CEMA countries are now finding their expression. Linking the plans of the cooperating countries at the sector and subsector level, their economic interests, and the conditions and norms of economic operation, the international economic organizations are uniting the interests of their participants into common interests despite the national-state separation of property.

Socialism and social property in contrast to capitalism with all the varieties of private ownership are not separating, but uniting the owners both on a state and on an international scale, since both the strategic (building of communism) and the everyday (growth in labor productivity for a steady increase in the material and

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cultural level of the life of the people) goals coincide. The coincidence of these problems in principle by no means eliminates distinctions in details, stages and means of solving them in each fraternal country. The most important thing is that this is a distinction of concrete practice, and not one of fundamental principle of economic policy of the fraternal parties which is the firm doctrine of Marxism-Leninism and its political economy.³

Of course, state separation of property of the countries that are participating in an MEO introduces much of a specific nature into the relations of socialist owners of the various countries in comparison to the relations of property within the socialist countries. Cooperating in an MEO, the countries-partners mutually inform each other about various aspects of production. An atmosphere of great mutual economic trust is thereby created and the opportunity emerges to evaluate the efficiency of alternatives in cooperation from both national as well as common (international) positions. This pertains especially to joint enterprises since this is where the natural, labor, material and financial resources of the interested countries are directly joined together.

As cooperation expands and relations on the division and cooperation of labor spread into the area of scientific-technical, investment, labor, natural resources and other factors in production and into the area of its technology and organization and the "post-production" (commercial-sales) sphere the necessity arises for continuing predictive-analytic, technical-technological, planning-coordinating, and commercial-economic work. All this stimulates the process of creating sectorial MEO's or new structural subdivisions in CEMA, and defines their functions as well as the criteria for substantiating the establishment of them.

The international economic relations of the socialist countries, the most important feature of which is their conformity to plan, also give rise to organizations which have been called upon to strengthen and develop relations of direct regulation of cooperation in production economics and joint planning activity.

The leading role in cooperation in planning activity and especially coordination of plans, as was consolidated in the comprehensive program of socialist economic integration, belongs to the central planning agencies of the CEMA countries "with broad cooperation of the appropriate CEMA agencies, ministries, departments, associations, and major enterprises and direct ties between sectorial state agencies and economic organizations."

The charter of CEMA, the provisions on its agencies, and the agreements on establishment of multilateral economic organizations define among the main planning and coordinating functions

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coordination of the prospects for joint development of production, and coordination of cooperation for better use of production capacity and for elimination of shortages that may occur in one or another product.

The chief and common aim for all the varieties of the MEO's of the socialist countries is to promote faster and fuller satisfaction of the needs of the national economy for specific products with the most efficient manufacture and mutually advantageous exchange of them, and with extensive use for this purpose of the advantages of international socialist division and cooperation of labor. The MEO's of the socialist countries in the sphere of production are essentially organizational forms of socialist international collectivization of production and forms of organization of the internationalized labor of the workers of the several friendly countries. They make it possible to put into action Lenin's instructions to "struggle /against/ [in boldface] petty national narrow-mindedness, reserve, and isolation, and for consideration of the whole and the universal...."⁴

The social nature of the international economic organizations of the socialist countries is manifested in their basic functions which reveal the specific aspects and features of international socialist production relations. These are first of all the relations of socialist division and cooperation of labor which are predetermined by socialist ownership of the means of production, the processes of concentration of production and democratic centralization of control of them. The entire 30 year experience of multilateral cooperation of the CEMA countries has shown that the deeper the cooperative ties in the scientific-production sphere, the more necessary is an adequate form of collective control in the form of the various forms of international economic organizations.

The organizational-institutional structure of the multilateral cooperation of the socialist countries began forming 30 years ago at the time CEMA was established. The functional agencies of CEMA during the first years of its activity began to be supplemented by sectorial commissions in 1956. Substantial changes in the structure of the council occurred in 1962, and then at the beginning of the 70's in connection with the necessity for better organizational support to the comprehensive program of socialist economic integration.⁵

The first interstate coordinating organizations (MGKO) for the sectors of industry⁶, transportation and communications⁷ emerged in the 60's. The experience of their activity, which had shown a number of advantages, contributed to the establishment of new organizations of this type in the 70's.⁸

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The problems of purposeful coordination of the means for realization of major economic projects stirred the CEMA countries to take a new step in the development of the organizational-institutional structure of control of mutual economic cooperation and to pass to the establishment of international economic associations (MKhO) which was consolidated in the comprehensive program of socialist economic integration. To date the CEMA countries have set up six multilateral international economic organizations.⁹ The founding documents of these organizations specify that in addition to planning and coordinating functions they must also perform the directly economic functions of a production, service, and commercial-marketing nature, which it must be said has proved to be no easy task.

The participants in these international economic organizations are both state agencies and the economic organizations of the countries, while the founders are the states. The internal state legal status in the field of activity of the ministries, departments and economic organizations--the participants in the MEO's, and the range of their rights and functions largely determine the limits of authority and functions of the varieties of the corresponding organizations.

The international economic organizations of the CEMA countries perform the functions of control of cooperation basically within the framework of the sectors and subsectors in industry, transportation and communications and in the sphere of credit. Questions concerning scientific research, technical developments, production and sales are worked out within these frameworks. The international banks of the CEMA countries--MIB [International Investment Bank] and the MBES [International Bank for Economic Cooperation]--perform the functions specific to them. They can locate their branches in one or several participant countries and even outside of them.

Both single sector ("Intermetall") as well as subsector (OSPP) [Organization of Cooperation of Bearing Industry] organizations currently exist. This reflects the sector principle of control of the economy which has been established in the CEMA countries for years. Substantial measures to strengthen intersectorial control of the economy and to enhance the role and significance of the program-target method of control of the leading complexes of production have been outlined for the current five-year plan and the future by the 25th CPSU Congress as well as by the party congresses in the other CEMA countries.

It was stated in the CC CPSU report to the 25th congress that under current conditions the "question on the improvement of the methods of a comprehensive solution to major state intersectorial and territorial problems is ripe. Required here are unified

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centralized programs embracing all stages of work--from design to practical implementation. It is essential that in each case there be specific agencies and specific people bearing the full weight of responsibility and coordinating all efforts within the framework of one or another program." Similar tasks have been set also in a number of other CEMA countries. Such a direction in improvement of internal state control systems will inevitably be and is now being reflected in international economic relations of the fraternal countries, in intensification of multisectorial comprehensive forms of cooperation within the framework of CEMA, and in the development and realization by the CEMA countries of international long term target programs of cooperation (DTsPS).

Such a fundamentally new form of cooperation between the CEMA countries in planning activity as the DTsPS may require organizational forms of work appropriate to it in the agencies of CEMA and other MEO's. The possibility also cannot be excluded that multisectorial MEO's will emerge in future to control the processes of realization of these programs. Time will show the justification for such a forecast inasmuch as the possibilities which the CEMA agencies and the sectorial international organizations now operating have today are far from exhausted.

The CEMA countries are currently using primarily the form of interstate coordinating organizations (MGKO). This is due to a number of circumstances. The fact is first of all that such functions have been and are being performed by the Council for Mutual Economic Assistance and its permanent commissions from which the currently operating MGKO's were detached. In a number of areas the consultative-advisory and major sectorial nature of the work of the permanent commissions of CEMA and its sections in time became inadequate to regulate the subsector operational cooperation. Subsector MGKO's began to be created on the basis of the sections and operating groups of the CEMA agencies to eliminate bottlenecks which had formed.

The development of productive forces and improvement of production relations in the socialist countries have moved production (economic, industrial, agrarian-industrial, etc.) associations to the foreground within the CEMA countries since the middle of the 60's. "Experience shows," said L. I. Brezhnev at the 25th CPSU Congress, "that only large scale associations are capable of concentrating a sufficient number of skilled specialists, insuring rapid technical progress, and making better and fuller use of all resources. The policy to create associations and combines must be conducted firmly--over the long term they must become the basic self supporting links in socialist production."

Such a policy is typical of the last ten years for all the CEMA countries.¹⁰ In the USSR it was especially intensively conducted

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in 1971-1975 when the decisions of the 24th CPSU Congress were implemented. Taken into account what has already been done the task of "completing the work on creating production associations and improving their activity" has been set in the new five-year plan by the 25th party congress.

The enhanced roles of economic associations and the strengthening of the sectorial principle of management has led to their becoming participants in the international coordinating and economic organizations of the majority of the CEMA countries. Soviet all-union industrial associations also obtained that right in 1973.¹¹

The formation and development of production and scientific-production associations in the socialist countries, raising the direct cooperation of labor to a new higher level, are stimulating its development into international cooperation. In the process it is interesting to note that production (industrial) associations of a number of CEMA countries are appearing in the MEO's together with foreign trade organizations. This insures the comprehensiveness of consideration of problems from both production-technological and commercial-economic positions.

The emergence of joint enterprises, particularly in sectors dealing with raw materials, is stimulating the expansion of cooperation. They have a great future for it is in them that real and profound cooperation in labor and production occurs directly and daily and the material, financial, labor and natural resources of the cooperating countries are directly joined.

In our view there are grounds to tie the establishment of an adequate number of joint enterprises together with development of international economic associations. Organizing MKhO's with the task of developing economic activity, but without allocating real material-financial resources to them evidently is hardly efficient. Self supporting activity is inherent only to enterprises operating in the spheres of production, technical development and services. An organizational superstructure "over something that is not there" is unwarranted and no formal "conversions of coordinating-administrative activity into "economic" by putting it on a payment-accounting basis instead of a more responsive nature of management of estimate-budget financing, in essence, can change things. Rather the form of the MEO's must be adjusted to the essence of the functions really performed by them.

The successful activity and further improvement of the organizational-institutional apparatus of economic cooperation of the socialist countries largely depends on creating the organizational-

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economic and legal prerequisites that are required for this in the countries. The determination of the CEMA countries in this is unanimous and the comprehensive program of socialist economic integration is evidence of this. However the process of creating such prerequisites is no simple nor fleeting task. Many scientific and practical problems will have to be solved on this path.

One of them concerns the relationship of the interaction of the sectorial economic organizations of CEMA with the Council for Mutual Economic Assistance. CEMA is the most universal multi-sectorial and multifunctional international organization of the socialist countries. It regulates the economic cooperation of the countries belonging to it practically on the scale of the national economy as a whole. Country delegations in CEMA agencies represent the state level.¹²

Hence it follows that sectorial MEO's cannot be established without a tie to CEMA, function without coordination with it, and much less duplicate the work conducted in its agencies. Experience shows the objective necessity of such interaction. It becomes apparent, for example, in that the CEMA executive committee regularly considers in its sessions the work of the sectorial economic organizations, the success of the activity of which, as experience has shown, largely depends on the interaction with the appropriate permanent commissions and departments of the CEMA secretariat.

The interaction of the CEMA sectorial agencies with the sectorial international organizations is in no way characterized by relationships of "command" and "subordination," inasmuch as they are all established by sovereign states. Here we are speaking as it follows from the decisions of the 32d CEMA session, about the clear delimitation of the tasks within CEMA between its representative agencies in the secretariat, as well as the MEO's, about the definition of the priority directions of the work of the latter, and about all international economic organizations of the CEMA countries being guided in their activity by the norms of cooperation--both by those pertaining directly to them, and by those being established by the normative and methodological documents adopted within the framework of CEMA, which, by the way, has already become the norm.

Also pertaining to all the MEO's of the CEMA countries is the general requirement, defined by the 32d CEMA session, to get more results from their activity, and to focus attention on the solution to the problems of production-economic and scientific-technical cooperation, to the realization of measures stemming from the DTsPS, and to specialization and cooperation of production.

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There is sometimes controversy in scientific discussions on the inadequate pace of establishing new MEO's and, consequently, of the development of the organizational structure of collective control of the multilateral cooperation of the CEMA countries. Experience, however, has shown that success in solving specific problems of cooperation is by no means determined by the quantity of such organizations and the varieties of them. On the contrary, both the number and specific forms of MEO's are determined by the content and scale of the problems of cooperation in the spheres of material production, scientific research and technical development, and circulation. Cooperation of the CEMA countries in large measure gains not so much from numbers of new organizations, as from quality, efficiency and evident usefulness of their activity. That is why the requirements to substantiate the advantages of establishing new international economic organizations and on the level of all preparatory work on setting them up are being made more exacting. Establishing an MEO is advisable only when the corresponding sector of production needs one and there are real conditions for successful functioning of it and when the proposals for establishing it have thorough technical and economic substantiation, including an evaluation of the expected results of its activity, measures for insuring the economic, organizational, legal and personnel conditions for its effective operation, precise definition of the functions of the MEO being newly established and justification as to why these functions cannot be performed by CEMA agencies.

Expanding the scale and deepening the content of the cooperation of the CEMA countries require further improvement in the form and methods of the activity of all the international economic organizations and first of all of the Council for Mutual Economic Assistance. At its 32d meeting, the CEMA session, guided by the basic directives of the central committees of the communist and workers' parties and of the CEMA countries' governments, approved a document, prepared by the CEMA executive committee, which contains a complex of measures for further improvement of the organization of cooperation of the countries and activity of the council. By this document the "work of all CEMA agencies shall be oriented to the primary solution of the problems of cooperation in the sphere of material production, first of all those associated with realization of long term target programs of cooperation, to further strengthening of planning principles in the work of CEMA, and to raising the effectiveness, efficiency, expeditiousness and coordination in the activity of all CEMA agencies and the international organizations of the CEMA member countries."¹³

This pertains to the integral program of specific actions for the coming years which concerns all the agencies of the council

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and the MEO's of the CEMA member countries. In his address at the session, A. N. Kosygin, the chief of the soviet delegation, noted in this connection the necessity of focusing the attention of the CEMA executive committee on the main key problems, on coordination of the work of CEMA agencies and the international economic organizations of the CEMA countries, on the monitoring of the fulfillment of the comprehensive program of socialist economic integration and the long term target programs, and on the systematic introduction into the practice of CEMA of expeditious and efficient forms and methods of work.

The role of the CEMA committee on cooperation in planning activity is also growing today. Not restricting itself to working out all the problems and agreements on realization of the DTsPS, it is called upon to skillfully direct this work within the framework of the permanent sectorial commissions, the role and responsibility of which for it as the chief drafters of agreements is sharply increasing. A. N. Kosygin noted at the 32d CEMA session that "the sectorial international economic organizations must also be more actively included in this work."

The organizational-institutional system of cooperation of the countries in the CEMA community is steadily developing under the influence not only of the internal state processes in the socialist countries and their mutual cooperation, but also under the effect of factors external to the CEMA community--the positive changes in the entire world. The cooperation of CEMA with countries that are not members of this organization has expanded in recent years.

On the basis of a special agreement cooperation between CEMA and the SFRYu [Socialist Federated Republic of Yugoslavia] has been actively developing since 1964. This agreement has shown its effectiveness as a flexible progressive form of cooperation between the CEMA countries and other countries within the framework of the council on the basis of observance of the principles of full equality, respect for sovereignty, goodwill and mutual advantage. It has demonstrated the truly democratic nature of CEMA and the possibility of individual countries cooperating on a broad range of problems without becoming a CEMA member and practically on equal terms with the CEMA member countries. The agreement to no little degree promoted the growth in trade turnover of Yugoslavia with the CEMA countries, which in the last five-year plan was about 10.2 billion rubles, double that of the previous five-year plan. It is also expected to more than double in the current five-year plan.¹⁴

Along with representatives of the LNDR [Lao People's Democratic Republic], the participation in the work of recent CEMA sessions

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of delegations from such countries of revolutionary Africa as the People's Republic of Angola and Socialist Ethiopia is very significant. The propensity of the countries being liberated from the yoke of imperialism for active cooperation with the countries in the CEMA community both on a bilateral and on a coordinated multilateral basis is increasing from year to year. This is also being reflected in the organizational forms of cooperation with the Council for Mutual Economic Assistance. We mean the joint commissions of CEMA-Iraq and CEMA-Mexico.

The open, nondiscriminatory and mutually advantageous nature of cooperation with the Council for Mutual Economic Assistance attracted Finland, which has traditionally maintained a peaceful and constructive policy in economic business ties of countries with a different social system, to it. This year the community of the CEMA countries and Finland noted with satisfaction the fifth anniversary of the activity of the commission of CEMA-Finland. During these years (from 1973 to 1977) the trade turnover between the CEMA countries and Finland increased by more than 2.5-fold, reaching 2.6 billion rubles, and the share of the CEMA countries in the foreign trade of Finland grew from 15 percent in 1973 to 23 percent in 1977.

CEMA ties with nonmember countries are assuming ever greater importance and more varied forms. The experience of them is awaiting its generalization. It shows that cooperation with CEMA or with other countries within its framework requires not simply a desire to cooperate or to "join" CEMA, but proper preliminary preparation of the partners for this. It requires an accumulation of experience of mutually advantageous cooperation on specific economic projects on a bilateral and a coordinated multilateral basis with the CEMA countries. And it requires making and meeting mutual commitments including material ones.

The recognition and authority of CEMA is also growing in the international organizations of the world. In 1977 CEMA had regular contacts with more than 30 international organizations including the UN. CEMA delegations participated in sessions of the UN General Assembly in 1977 and 1978. CEMA has extensive contacts with the European Economic Commission, UNESCO and ECOSOC.

The 30 years of CEMA has coincided with a crucial period in cooperation of the fraternal countries. The first three long term specific-purpose programs of cooperation in fuel and raw materials, the food industry and machine building were adopted at the 32d CEMA session. Full scale preparation is underway on the remaining two special purpose programs of cooperation on transportation and production of manufactured consumer goods. The next CEMA session, the 33d, which will be held in Moscow ten years after the historic 23d (special) session, which

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defined the path for socialist economic integration, will be faced with working out and initiating execution of a number of agreements through which the long-term special-purpose programs of cooperation will be realized, and with putting the first important measures into effect from the complex of measures on improving the activity of all the elements of the organizational-institutional structure of the multilateral cooperation of the CEMA community countries.

FOOTNOTES

1. V. I. Lenin, "Complete Collection of Works," Vol 26, p 40.
2. These include first of all the joint construction of facilities so that the participants may obtain products or services; production-trade, scientific-technical cooperation and specialization; joint operation of facilities in the form of joint enterprises; and scientific-production activity within the framework of international associations.
3. The accession to power in the PRC of politicians who have deserted Marxism-Leninism has among the evident foreign economic consequences of the betrayal of the cause of socialist internationalism the virtual severance also of economic relations with the CEMA countries, direct, undisguised provocations against such CEMA countries as Vietnam, the MNR [Mongolian People's Republic], and the USSR, and the chauvanistic overemphasis of its great power interest. It must be stated that at the present time the leaders of the KPK [Chinese Communist Party] and the PRC have betrayed both the strategic and the everyday interests of their people and the world socialist system.
4. V. I. Lenin, "Complete Collection of Works," Vol 30, p 45.
5. In addition to the main agencies--the Session and the Executive Committee, the following agencies are currently operating in CEMA: CEMA committees (on cooperation in planning, on supply of materials and equipment, and on scientific and technical cooperation); permanent commissions (on statistics, foreign trade, monetary and financial problems, electric power, on the use of atomic energy for peaceful purposes, geology, gas and petroleum industry, coal industry, chemical, non-ferrous metallurgy, ferrous metallurgy, machine-tool building, radio engineering and electronics industry, construction, transportation, civil aviation, telecommunications and postal services, standardization, light industry, food, agriculture, and health);

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Conferences: of department heads (on prices and inventions); of water management and labor agencies; of country representatives on legal problems and ministers of internal trade of the CEMA member countries.

6. In 1964 organizations were created for cooperation in the bearing industry (OSPP), ferrous metallurgy ("Intermetall"), production of machines for vegetable growing, horticulture and grape growing ("Agromash"). An intergovernmental commission on cooperation of the socialist countries on computer technology was formed in 1969.
7. Organization for cooperation of the Socialist Countries in Telecommunications and Postal Services (OSS) and the Common Freight Car Pool (OPV)--in 1963.
8. These include the international sectorial organizations set up in 1971 on cooperation in small-batch chemistry ("Interkhim"), the electrical equipment industry ("Interelektro") and the joint use of containers--the Council of the SPK (1974).
9. They are the international economic associations on nuclear instrument making "Interatominstrument" (1972), on production of industrial equipment for the textile industry "Intertekstil'mash" (1973), on organization of cooperation in making deliveries of equipment and rendering technical assistance in the construction of atomic power stations "Interatomenergo" (1973), in the field of chemical fibers "Interkhimvolokno" (1974), and the international economic association "Intervodoochistka" (1977), and "Internefteprodukt" (1978).
10. For more details see "Sovershenstvovaniye upravleniya ekonomikoy stran SEV" [Improving Control of the Economy of the CEMA Countries], Izdatel'stvo "Nauka", 1974.
11. See the decree of the CC CPSU and the USSR Council of Ministers of 2 March 1973, "On certain measures for further improvement of control of industry," (PRAVDA, 3 March 1973).
12. As a rule the chiefs of the delegations of the countries at meetings of the session are the heads of governments, at meetings of the CEMA executive committee--deputy chairmen of the councils of ministers and at meetings of permanent commissions--ministers.
13. "Communique on the 32d Meeting of the Session of the Council for Mutual Economic Assistance," (PRAVDA, 30 June 1978).

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14. See VOPROSY EKONOMIKI, No 9, 1977, p 111.

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TRANSPORTATION

INCREASING THE EFFICIENCY OF BULK FREIGHT TRANSPORT ON RAILROADS

Moscow RATSIONALIZATSIYA PEREVOZOK GRUZOV NA ZHELEZNYKH DOROGAKH
[Increasing the Efficiency of Freight Transport on Railroads"] in Russian
1977 pp 191-197

[Chapter 5 from book by I. G. Kazakhovskiy, "Transport" Publishers]

[Text] Chapter 5. Rationalization of Bulk Freight Transport

Freight flows on the railroad network are made up of several thousand descriptions of various types of freight. The alphabetical list of the Standardized Rate and Statistical Products List alone enumerates approximately 5,000 descriptions of types of freight. If they are ranked individually within this diversity by freight turnover in railroad transport, the following fuel freights would be first: coal, petroleum and petroleum products, peat and fuel shales. Ranking second would be the metal ores: iron and manganese ore, nonferrous ore and raw sulfur, ferrous metals, fluxes and scrap metal. The third group would include construction freight, heat refractories, industrial raw materials and molding (foundry) materials, granular slags and cement.

Accounting for one-fifth of the railroad freight turnover are agricultural, lumber and chemical types of freight. In order to simplify the planning of transport and the operational accounting of fulfilling the plan, the entire diversity of products hauled by the railroads has been grouped together in 43 products-list groups. The proportion of each products-list group in the total amount of freight shipped out and in freight turnover varies. The importance of transporting this or that freight is determined not only by its volume in hauls. Individual types of products with a relatively modest volume of hauls are generally the most valuable in terms of costs and in urgency of delivery.

Measures to streamline transport must first of all concern bulk freight, which determines the volume and direction of the freight flows making up the interregional exchange. Such consolidated groups must include fuel freight, metal ores, construction minerals, lumber, agricultural produce,

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chemical and mineral fertilizers (see Table 45). In total shipments the first six consolidated groups occupy approximately 88 percent and in freight turnover about 80 percent.

1. Fuel freight

The largest share in the transport operation of railroads is occupied by fuel freight. Measures promulgated by the party and the government have permitted an increase in the extraction of fuel. If during the Eighth Five-Year Plan the average annual increase in its extraction amounted to 51 million tons, then in the Ninth Five-Year plan it rose to 73.7 million tons. The extraction of petroleum and natural gas developed at the most rapid rate. During the last 15 years when the total extraction of fuel increased 2.3-fold, the extraction of petroleum grew 3.3-fold, whereas that of natural gas increased 6.3-fold.

The headlong development of the petrochemical and natural gas industry brought about a significant increase in the proportion of liquid fuel and natural gas in the country's energy supply.

The proportion of petroleum and natural gas has increased 1.7-fold over the 15-year period and has reached 2/3 of the fuel balance. The proportion of solid fuel, primarily in the form of coal, has decreased accordingly.

Table 45
Composition and Proportion of Consolidated Freight Groups Hauled on Railroads

Consolidated Freight Groups	Make-up by Products-list Group of Plan and Account	Proportion, %	
		Outgoing	Freight Turnover
Fuels	Coal, coke, petroleum and petroleum products, peat and peat products, shales	33.0	32.2
Metal ores	Iron and manganese ores, non-ferrous ore and raw sulfur, ferrous metals, fluxes, ferrous scrap metals	16.6	16.5
Construction minerals	Construction materials, heat refractories, industrial raw materials, and molding materials, granular slags, cement	26.1	13.4
Lumber	Lumber	5.2	9.6
Agricultural produce	Grain, flour, sugar beets, potatoes, vegetables and fruits, cotton	4.6	5.4
Chemical and mineral fertilizers	Chemical and mineral fertilizers	2.8	3.1
Others	Misc. freight	11.7	19.8

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The indicated changes in the structure of the fuel balance have been reflected in freight transport and in transport-economic ties.

Coal. Despite the decrease of coal in the fuel balance its extraction has been increasing from year to year. If in 1965 577.7 million tons were extracted, and in 1970--624.1 million tons, then in 1975 701.3 million tons were extracted.

Along with the growth in coal extraction its transport by railroad has increased accordingly. Moreover, if in the Eighth Five-Year Plan the annual increase in coal shipments amounted to somewhat more than 12 million tons, then in the Ninth Five-Year Plan it exceeded 20 million tons. Coal hauls in the eastern part of the network grew on a particularly large scale. With an average growth in total coal shipments of 16.5 percent in 1975 as compared with 1970 in Kazakhstan this growth amounted to 54.7 percent, in Siberia 23.7 percent, in the Northern Caucasus only 8 percent.

Coal hauls are characterized by a high degree of concentration with regard to shipping out and by a degree of dispersion with regard to delivery. Of the 1390 stations which ship out hard coal 107 stations account for 75 percent of the total shipping out. At the same time coal is unloaded at 7100 stations, or almost every one which is open for freight operations.

Despite a certain decrease in the portion of the Donets-Dnieper region in the network shipping out of coal, its proportion still continues to remain high--about 35 percent. Nevertheless, the outstripping growth of coal extraction in the regions of Western and Eastern Siberia and Kazakhstan is constantly increasing their role in supplying coal to the national economy. If in 1965 the proportion of these regions in the network's shipping out of coal amounted to 32 percent, then in 1975 it reached 40 percent.

Five economic regions--Donets-Dnieper, Northern Caucasus, Western Siberian, Eastern Siberian and Kazakhstan--account for 90 percent of all the interregional exchange of coal. During the Eighth and Ninth Five-Year Plans we observed an uninterrupted increase in the proportion in the interregional exchange of coal from Siberia and Kazakhstan as well as their replacement of Donets coal. During this period coal shipped out of the Donets-Dnieper region and the Northern Caucasus to other regions was reduced by 18 million tons or 22 percent while their proportion in interregional exchange decreased from 46 percent in 1965 to 30.6 percent in 1975. More and more Donbass coal remains within the borders of this region. The proportion of hauls of Donets coal by local transportation within the Donets-Dnieper region has already exceeded 81 percent, and it continues to increase.

A constant increase in the shipment of coal from Siberia and Kazakhstan is replacing Donets coal from year to year, and the proportion of this coal in interregional exchange rose from 45 percent in 1965 to 60 percent in 1975.

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As a result there has been considerable expansion in the zone of distribution of Siberian coal in a westerly direction right into the Southwestern, Central-Chernozem, and Northwestern regions; of Kazakhstan coal to the Urals; and Eastern Siberian coal to the Far East.

Transport has begun of Kuznetsk, Karaganda and Intinsk coal for the electric power stations of the Ukrainian SSR as well as Kuznetsk coking coal for the coal-tar chemical enterprises of the Donbass and Dnieper region. Transport has begun of the brown coal of the Chelyabinsk deposit for the peat-fired electric power stations of the Gor'kiy and Kalinin oblasts. Along with this there has been a 2.5-fold increase in the long-distance hauls of coal from Eastern Siberia to the Far East and a doubling of the amount from Kazakhstan to Central Asia and the Urals.

The volume of long hauls above the average distance reached 18.2 million tons in October 1975, and it increased by almost 30 percent in comparison with October 1975; moreover, for distances in excess of 2,000 km, 8 million tons of coal were hauled, or about 10 percent of the total amounts shipped out as compared to 3.9 million tons in October 1965. The considerable increase in long-distance hauls has brought about a growth in the average distance of coal hauls from 680 km in 1965 to 698 km in 1975, or an increase of 18 km.

A number of inefficient hauls are linked to shortcomings in the establishment of fuel systems at individual electric power stations. Thus, most of the electric power stations of the Volga region utilize closely situated resources of fuel oil and natural gas, in connection with which other electric power stations, in particular those of Mosenergo and Lenenergo, are compelled to operate on coal brought in from long distances.

Taking into consideration the trend toward a constant expansion of the zone where Kuznetsk and Kazakhstan types of coal are consumed, the most important condition for curtailing the unproductive operation of railroad transport as well as outlays by the national economy for hauling coal consists of the rational delineation of the regions where this coal is consumed and those which use the Donets coal.

In the first place we must speed up the solution of the problem of converting the electric power stations of the Volga region as well as those of the Central and Central-Chernozem regions to the combustion of Kuznetsk coal and to the combustion of Moscow-region coal and to gas-fuel oil. This will permit cutting down the transport of Donets coal in the same direction as that from the Kuznetsk region.

It seems expedient to reexamine the fuel systems of the electric power stations with a particular view to converting individual electric power stations of the Volga region to the combustion of Kuznetsk coal instead of fuel oil and increasing, because of this, the delivery of fuel oil to the electric power stations of the central regions. Taking into account the

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fact that the heat value of fuel oil is twice as high as that of coal, this would permit a significant curtailment of long-distance coal hauls along with a reduction in the extremely heavy loads carried by the railroads connecting the center regions with the Urals.

Measures must be promulgated to increase the extraction of coking coal in the Dohets Basin in order to curtail its being shipped in to plants of the Ministry of Ferrous Metallurgy of the Ukraine from Karagands and the Kuzbass.

An important task is the maximum increase of peat extraction in Belorussia and the Volgo-Vyatka region, which will permit a reduction in long-distance hauls of coal to these regions from the Urals. In connection with the shortage of peat resources, measures must be taken to ensure the supply of electric power stations in these regions with fuel oil and natural gas as well as to provide a maximum supply of L'vov-Volynsk coal to the consumers of Belorussia and the Baltic region, so that gas-type and long-flame types of coal from the Conbass do not have to be sent to these regions.

We must increase the extraction of local types of coal in Central Asia and speed up the conversion of municipal services (public utilities) of these republics to gas-fuel oil in order to curtail as much as possible the shipping in of Juznetsk coal.

In the Far East we must also increase the extraction of maritime and Raychikhinsk types of coal up to amounts which would ensure the curtailment of the shipping in of brown coal of the Kharanorsk deposit for electric power stations and consumers of the Amur area of the Khabarovsk and Maritime Krays.

In connection with the increasing flow of coal from the eastern regions in a westerly direction an important problem is the more complete utilization of river modes of transportation. Special measures must be promulgated to increase the handling capacities of river ports and stations of Perm'Kambarka, Ufa, Ul'yanovsk, Kuybyshev, Tol'yatti in order to augment significantly the volume of coal hauls in direct-combined railroad transportation.

Petroleum freight. Hauls of petroleum freight on railroad transport have been increasing to an extent which is considerably greater than the total volume of hauls. If in 1975, as compared to 1965, the total freight shipped increased by 50 percent, and freight turnover by 66 percent, then the shipment and freight turnover of petroleum freight increased by 75 percent. The proportion of petroleum freight in the total amount of shipments grew from 9.2 percent in 1965 to 10.8 percent in 1975, while in freight turnover is increased accordingly from 14.4 percent to 14.9 percent; i.e., it approached the freight turnover of coal. The average distance of petroleum freight hauls in 1975 reached 1241 km and exceeded by 1.4 times the average distance of all freight hauls by railroad transport. Although the relative outlays spent by the national economy on transporting petroleum and petroleum products are gradually decreasing in connection with the increase in the

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proportion of inexpensive pipeline transport, there are still extensive possibilities for curtailing them by means of streamlining transport-economic ties.

In hauls of petroleum freight the greatest proportion is occupied by petroleum, fuel oil, and diesel fuel. In 1975 these three consolidated groups accounted for 70.6 percent of the total volume shipped and 71 percent of the freight turnover of petroleum freight. At the same time the proportion of railroad hauls of diesel fuel and other, clear petroleum products has gradually decreased over the last few years.

The change in the structure of petroleum freight transport has occurred basically because of petroleum and fuel oil.

Extremely long-distance hauls of all the basic types of petroleum products are constantly increasing. Approximately 20 millions tons per year of fuel oil, more than 8 million tons of diesel fuel, more than 8 million tons of gasoline and more than 5 million tons of kerosene were transported over distances in excess of 2,000 km.

Inefficient transport of petroleum products comes basically because of a lack of coordination between the variety of petroleum products which are turned out by a number of oil refineries, the needs of the economic regions which are dependent on them, as well as those of the oil-refining installations at individual oil refineries for the quality of petroleum which can be extracted at the nearest deposits.

At a number of Siberia's oil refineries a large surplus of sulfurous fuel oil is formed, and it is shipped westward to the Urals, the Volga region, Kazakhstan, and Central Asia over distances ranging from 3,500 to 5,000 km. At the same time low-sulfur fuel oil is shipped in the reverse direction from the Northern Caucasus, the Volga region and the Urals to Siberia and the Far East.

Excessively long-distance hauls are also permitted for fuel oil for ships-- from the Novogor'kiy oil refinery to the Ukraine and from the Urals for consumers in the North-western economic region.

The oil-refining industry like no other manifests closely interrelated causes which bring about the emergence of inefficient transport ties. Thus, low-sulfur Shaimsk petroleum is shipped out from Voynovka to the Northern Caucasus over a distance of almost 3,000 km. By organizing the separate processing of high-sulfur and low-sulfur petroleum oil-refining and the delivery of Shaimsk petroleum to this combine we could have eliminated the superfluous, long-distance hauls of crude petroleum from Voynovka to the Northern Caucasus and curtailed the shipment in the opposite direction of low-sulfur fuel oil to the regions of the Urals and Siberia.

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The guarantee of the interchangeability of A-66 and A-72 gasoline will permit the elimination of excessively long-distance and counter hauls in a number of directions.

The streamlining of petroleum-product hauls must also be carried out by means of redistributing the hauls by types of transport, and primarily, by increasing the role of pipeline transportation; the latter's proportion in petroleum-product hauls is still less than 10%.

Along with stepping up the construction of main product pipelines and the full utilization of the capacities of existing ones we need to expand the network of local pipelines to pump fuel oil from oil refineries to the nearest electric power plants, as well as to transport aviation kerosene to airports. There must be a significant increase in the scope of petroleum freight hauls by river transport, including those from the Bashkir plants along the Belaya and Volga Rivers, from Omsk along the Irtysh River, from the city of Gor'kiy along the Volga River and by maritime transport from Kherson to Odessa.

The freeing of the railroads from short-range hauls of petroleum products requires a step-up in the construction of distribution units at oil-refining enterprises in order to transfer the finished products to motor vehicle transport.

The basic condition for the rational distribution of the production of individual types of petroleum products is satisfying the needs of the nearby regions for them. Depending on this, we must operationally regulate the output volumes of petroleum products by variety of assortment and even by the seasons. More rapid rates of growth must be attained in the production of petroleum products in the Ukrainian SSR, the Baltic region, Kazakhstan and in the Far East.

In the regions of Siberia where there is a great need for clear petroleum products, production volumes of these items must be raised at the expense of fuel oil.

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