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Private ownership battle heats up

The long-anticipated battle over private property rights in the Soviet Union has begun in earnest.

Only days after President Mikhail Gorbachev announced "I am against" private property, the Russian Federation Congress of People's Deputies today (Dec. 3) passed historic legislation aimed at permitting private farmland ownership. Earlier, the historic changes were approved by the republic's Supreme Soviet.

There are serious doubts about the legislation's likely effectiveness, but in theory at least Russian farmers will each now be permitted a plot of freehold land. Moreover, privatized land from existing state or collective farms may be granted to individual farm workers at their request, without the approval of farm managers.

In other words, the new legislation aims directly at the heart of the state-centered agricultural system and seeks to establish an entirely new class of farmer-landholders.

Contrast that with Gorbachev's off-the-cuff remarks to a group of cultural workers in Moscow a few days ago:

"I have always spoken on behalf of the market," he said. "But while speaking for the market, I cannot accept private ownership of land. I cannot help it. I cannot accept it."

Gorbachev went on to say he could accept almost anything short of full ownership, including 100-year leases with full rights to sub-let. And, in any event, he said he didn't think rural people would take to ownership in large numbers.

But the latest Russian manoeuvre in the area of market economics has drawn outraged criticism from a lot of other

quarters, from the Soviet Peasants' Union, which fears destruction of the state and collective farm system, to some liberal skeptics who fear land speculation.

One other controversial aspect of the Russian legal package is its exclusion of non-Russians — both foreigners and Soviets from other republics. They will be eligible neither for the first stage of this land reform, when farm workers, or peasants, may quit their current farm jobs and assume ownership over an apportioned parcel of land, or the next stage, when in five years these same farmers will be free to sell their plots.

The one big catch in all this is the lack of infrastructure — from small farm machinery to seed salesmen to extension specialists — to serve the needs of small-scale farming, and the lack of money to pay for its establishment.

Then there is rural conservatism to be reckoned with. There have already been several heavily reported cases of private operators — a pig farm in one case and a dairy farm in another — being attacked by jealous neighbors.

Rural feeling on the subject is deeply polarized. Peasants' Union leader Vassily Starodubtsev said last week: "All over the world agricultural farms are moving towards collectivization, getting bigger and bigger, for farmers are unable to survive alone. We are being dragged back to the Stone Age."

Meanwhile, a Literary Gazette commentary describes the current farm system as criminal, having been built on deceit. It points out that the system continues to reward Byelorussian state and collective farm leaders for improving productivity on land contaminated by the Chernobyl nuclear accident.



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Gorbachev takes on the black market

Anyone wondering just how much authority the president of the Soviet Union still wields will find out within days.

A presidential decree signed Nov. 30 orders all work places to elect inspectors to help in the battle against employee theft and embezzlement. The elections must be held within 10 days. Then the inspectors must report to local authorities to obtain special I.D. cards.

At first glance, this is a natural reaction to jibes, from both inside and outside the country, that soon-to-arrive food aid will simply wind up in mafia store-rooms.

But it is a good deal more than this. For one thing, this is Mikhail Gorbachev's first serious effort to use his newly-given economic powers at the bottom rungs of the economy, within enterprises and among labor collectives. At a moment when his decrees and orders are being widely ignored and flouted at republican and local levels of government, his ability to make his dictates stick with non-politicians must be considered very much in doubt.

In fact, ordinary Soviets may be world leaders in their ability to observe the letter but ignore the spirit of edicts from above. Today's *Izvestia* carries a front-page cartoon poking fun at the new decree, depicting a queue outside a closed retail shop, a queue consisting entirely of different kinds of inspectors, required by various existing laws. The new "public control" inspector, of course, is last in line.

However, in this case, the situation is complicated by the very obvious need for some kind of clampdown and probable popular support for any successful measures. Black marketeers have already moved heavily into the food business, and away from computers and video players, profiting off the universal fear that famine lurks round the corner. (See table below for recent black-market prices.)

Black market prices for consumer goods in the Russian Federation

	(prices in rubles)	
	Average black market price	Multiple of state price
Meat	9	4.0
Sausage	19	3.0
Coffee (1 package)	15	2.5
Black caviar (1 can)	21	4.0
Chocolate candies (1 package)	20	3.7
Vodka (half-liter bottle)	24	2.4
Winter coat: men's	929	2.6
ladies	1,236	2.4
Raincoat: men's	637	3.0
ladies	516	2.8
Linen set	111	3.0
Winter boots: men's	293	4.0
ladies	470	3.7
Ladies' shoes	244	3.7
Cigarettes (a package)	5	8.0
Furniture set for living-rooms	5,132	2.5
Golden necklace	651	2.0
Ice-box	1,138	2.4
Washing machine	412	2.0
Electric iron	52	5.0
Books	32	6.0
Motor-bikes	2,295	2.4
Video recorders	6,146	2.8
Color TV	2,021	2.4
Cars (thousand rubles):		
"VAZ" (Zhiguli-Lada)	32.9	3.6
"Moskvich"	30.7	3.0
"ZAZ" (Zaporozhets)	13.4	2.8
"GAS" (Volga)	72.3	4.5
Medicines (a package)	35	8.0

And, despite the Orwellian appearances of this decree, if Big Brother can finally do something right, all the smaller brothers — most notably Moscow city council, which has been dithering for weeks over the question of rationing — will lose some of their clout.

Gorbachev's decree requires the establishment of workers' inspection committees at the regional, local and district levels "to inspect enterprises in food and light industry, trading organizations, public canteens," retail stores and co-operatives. The objective is to prevent or report the embezzlement of goods in shipment from producer to seller.

These "disappearances" — the something like 20% of farm produce that falls off the backs of trucks on the way to market — help explain why there is so little food in Moscow stores. One popular TV program over weekend carried an investigative report showing veritable mountains of smoked sausage, instant coffee and other high-demand goods about to be taken out the back door of a state store, presumably into the sophisticated black-market distribution system.

It is hardly a full explanation for the food scarcity, of course. On one bleak day just over a week ago, Moscow officials got the word from eight separate milk-producing regions outside the city: They would no longer be selling milk and dairy products to the capital. Within hours, milk stores were empty, as panic-stricken consumers stored up what they could. Currently, the city is digging deep into its inventory of dried milk, something it normally doesn't contemplate until winter's end, when milk supplies routinely grow tight.

Rationing, already instituted in dozens of communities across the country, still seems likely in Moscow as well. But as one elderly citizen was quoted in a local newspaper: "Whenever there's rationing, famine surely follows."

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Leningrad enriches its offering to foreign firms

Leningrad officials are offering a few more goodies to foreign companies willing to invest in the region's proposed free enterprise zone.

A new section of the draft program includes a number of new legal guarantees for foreign investors, including protection for forced expropriation and provision for profit repatriation.

In addition, the amended draft enriches tax breaks available to joint ventures, setting a profit tax of just over 20% for those with foreign ownership exceeding 30%.

Foreign companies are to get property rights equal to those of Soviet enterprises — i.e. they may lease land for up to 99 years.

The proposed program must still be approved by the Russian Federation Council of Ministers.

Abalkin the optimist

Deputy Prime Minister and top government economist Leonid Abalkin has made some extraordinary predictions for next year — extraordinary in comparison with widespread forecasts of plummeting production.

In a formal address to the Supreme Soviet last week, Abalkin claimed that output from non-industrial production will rise by 4.4% in 1991 and that consumer goods production, with alcohol beverages excluded, will increase by 5%-9%.

Within the military sector, the economics chief said converted factories producing consumer goods will raise their yields by 18%.

Just a week ago, a leaked draft of a Gosplan forecast for next year revealed an official, though presumably not-for-public-consumption view, that industrial production actually will drop by 30% next year and that overall GNP will decline by 5%.

Estonia gets serious

Already, there has been shooting in the customs war between Estonia and the rest of the Soviet Union.

An Estonian official confirmed last week that there have been two shooting incidents involving the newly-established "customs" checkpoints on Estonia's borders. On Nov. 27, a government commission announced that, during the previous week, goods worth R500,000 had been confiscated at checkpoints.

Meanwhile, Estonia and the republic of Georgia last week signed a treaty of economic co-operation which, among other things, offers each other mutual recognition as independent states.

Aeroflot's skyhigh fares

It's not quite worth taking out Soviet citizenship, but the discrepancy between Aeroflot ruble and hard-currency fares are at least worth noting.

Only Soviet citizens qualify for the ruble fares. And the queues to obtain the tickets are sufficient to discourage most from trying anyway.

But it costs just R583 for a one-way, economy class ticket to London. Foreigners on the same flight will have paid \$1,033. British Airways' comparable fare is about the same.

To New York, the ruble fare on Aeroflot is R953, compared with the hard-currency fare of US\$1,689. Pan Am offers a

\$1,200 ticket.

For the Tokyo-bound, Soviets can buy for R1,180. Aeroflot's dollar fare is \$2,091, compared with JAL's \$2,134.

The ban on foreigners' purchasing tickets in rubles was instituted about a year ago, just after establishment of the non-trade, or "tourist", rate of about R6 to the US\$, which cut the effective price to hard-currency holders to one-tenth its former value.

U.S. firm says no to barter

The U.S.-controlled Pioneer Hybrid International Inc. is reportedly taking a tough stance against accepting barter goods from a potential JV partner, insisting that Soviet authorities divert hard-currency from corn imports to help create their own corn production capacity.

Pioneer has been negotiating a joint venture deal with a state farm in the Stavropol region of Southern Russia. The deal calls for the farm to build a processing plant for corn using Pioneer technology. But, according to *Mercury* business newspaper, the American firm is opposed to accepting a barter arrangement, contending that the USSR buys 20 million metric tons of corn from abroad each year for hard currency and could easily spend some of that money to replace the imports with local production.

Trends

False alarm at Sadko

Rumors that the popular joint venture Sadko grocery store was going credit-card only Dec. 1 turned out to be premature. The news caused hundreds of Soviet dollar-holders to queue up last week to buy up fruit-flavored yogurt, frozen pizza, canned beer and other western delicacies. But a Sadko spokesman said the new payment policy will only come into effect once proposed Soviet legislation banning the use of hard currency in retail sales is approved.

Oktyabrsky leader under attack

Suddenly, the official press has begun what appears to be a concerted attack on free-wheeling Ilya Zaslavsky, chairman of Moscow's Oktyabrsky district council, which has become location of choice for hundreds of small enterprises. Zaslavsky is being accused of anything from being cosy with mafia types to acting like a dictator. But business likes him because his administration found a way around a bizarre Catch-22 in the laws surrounding small business formation. It is illegal to register a business in one's home. But there is no office space for rent. Zaslavsky's people let aspiring business registrants use a district office building as a convenience address.

Price pressures

Joint Venture Svetozor, over 50% owned by Polaroid Europe, says it has cancelled planned price cuts on its Soviet-assembled cameras. Base price was R250. Original plan was to move the price to R175 by 1995. Instead, the price has just been raised to R295, a direct result, JV managers say, of the central government's August decision on contract pricing.

Agriculture

Don't force the will

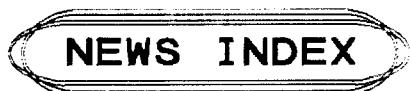
A famous Soviet collective farm director, agriculture specialist and opponent of land privatization in the USSR intervenes at the Russian Federation Supreme Soviet session with fierce criticism of land reform, supporting the old system. V Starodubtsev is given half-a-front page to defend his cause.

Soviet Russia, page 1, 11/30/90

What to do with the land: to sell or not to sell?

Parliamentary debates in the Russian Federation Supreme Soviet stenographic report of pro's and con's on land privatization and reform.

Soviet Russia, page 2, 11/30/90



What it will be like - the peasant's destiny?

Details on parliamentary debates in Russia on land reform and privatization.

Pravda, page 1, 11/29/90

Who will feed Russia and how?

Details on land reform discussions in the Russian Supreme Soviet. Privatization of land is generally accepted, but most deputies fear "speculation" with real estate.

Izvestia, page 1, 11/28/90

On food tax in 1991

The Russian Supreme Soviet decides to tax food production by all collective farms and other state agricultural enterprises, excluding private farmers. Tax is levied on production of grain, oilseeds, sugar beet, meat and poultry, milk and eggs. The measure is intended to place private farmers into a privileged position.

Soviet Russia, page 3, 11/28/90

Pesticides on self-financing basis

Moscow Standardization and Certification Center reports on the test status of vegetables supplied to the capital: out of 5.5 thousand tons of vegetables tested for nitrates, 800 tons returned to the suppliers; out of 5.3 thousand tons of vegetables tested for pesticides, nearly half returned.

Moscow Pravda, page 3, 11/27/90

Bank

To open an account with the savings' bank

After the interest rates to customers on time deposits with the State Savings Bank have been increased by Presidential decree since November 1st, it extremely time and patience consuming matter to open an account.

Izvestia, page 3, 11/27/90

Business

Belongs to nobody? No, to us!

The "Moskvich" car-making plant in Moscow, transformed into a joint stock company. Interview with a deputy director with details.

Pravda, page 2, 11/28/90

Crime

United front versus crime

A new agency is set up in Russia to fight with crimes. It will be called criminal or federal militia and will unite and coordinate efforts of different departments, which were fighting separately with violent crimes, economic crimes, burglaries, etc.

Soviet Russia, page 4, 11/30/90

Ear-rings for each sister...

A special "blockade" fund set up in Lithuania

several months ago in the wake of delivery shortages of different goods from the Soviet Union collected some 7.5 million rubles from the population. Fund managers used the money to buy gold in state stores on the 14th of November, the eve of gold price hike, leaving citizens with coupons for gold they could not realize, as the only jewelry store in Vilnius, Lithuanian capital, was shut down for inventory. Angry customers with coupons in their hands are complaining the funds were misused with a silent nod of people's deputies of Lithuania.

Workers' Tribune, page 1, 11/30/90

Economy

Toward market economy: step by step

L. Abalkin comments on parliamentary debates over budget and plan targets for 1991 in the Union Supreme Soviet, emphasizing transition toward market economy must take a period of 2-5 years.

Izvestia, page 2, 11/28/90

What the budget and plan should be like

Excerpts from reports of Gosplan Chairman Y. Maslyukov and Finance Minister V. Pavlov to the Supreme Soviet of the Union with figures for 1991.

Izvestia, page 2, 11/27/90

Moscow: currency for capital?

Moscow Vice-Mayor Stankevich mentions "Moscow money" as an alternative version for card ration system - money equivalent coupons with guaranteed goods securing.

Worker's Tribune, page 1, 11/27/90

Environment

Atmospheric pollution in January-September this year

Statistics on atmospheric pollution in major Soviet cities compared to the same period last year.

Izvestia, page 2, 11/28/90

Finance

Bypassing the Foreign Trade Bank

Commercial Innovation Bank of "Menater" Inter-Bank Amalgamation gets license for foreign currency operations in the territory of the USSR.

Izvestia, page 2, 11/26/90

Health

Pharmaceuticals for a drugstore

Interview with a top official in Moscow on shortages of pharmaceuticals in Moscow Drug-stores. Figures and other details.

Moscow Pravda, page 2, 11/28/90

Labor

Are women threatened with unemployment

A newly created "Union of Russian women" will fight for their rights, against unemployment and inequality in salaries with men.

Workers' Tribune, page 4, 11/29/90

Media

VAAP loses its monopoly

According to a government decree, Soviet authors will have an option starting from January 1st, 1991, to sell their rights abroad without a mandatory (so far) intermediary, a government agency VAAP - All-Union Agency of Authors Rights - a monopoly, which was stripping Soviet authors of the major share of their income, earned abroad in hard currency. The Soviet Union will become member of Bern International Convention on Author's Rights in 1991.

Izvestia, page 3, 11/29/90

Soviet newspapers - for the USSR only?

State Foreign Trade Agency "Mezhdunarodnaya Kniga" International Book, states it can't afford air transportation of Soviet newspapers abroad.

Izvestia, page 3, 11/26/90

Politics

Consolidate communists of the capital on the basis of actions

Report of the first secretary of Moscow communist party organization at the party 28th conference.

Moscow Pravda, page 1, 11/30/90

Facing the challenge

Reports from Emergency Congress of Russian Federation Supreme Soviet of People's Deputies.

Soviet Russia, page 1, 11/28/90

"I'm not delighted with our methods"

Report on Moscow Vice-Mayor Stankevich press-conference: "We won't introduce any card ration system - we consider alternative versions."

Evening Moscow, page 1, 11/27/90

Grim weekday in Moscow

Moscow Vice-Mayor Stankevich press-conference: the capital faces "milk blockade", nine agricultural regions of Russian Federation reported on stoppage of milk supplies to Moscow.

Moscow Pravda, page 1, 11/27/90

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On national situation

According to the USSR Supreme Soviet Statement on National Situation the President and the Central Government shall develop in two weeks program of urgent measures for improving foodstuffs supplies in the USSR. Pravda, page 1, 11/27/90.

Work program - 91

Report on the USSR Supreme Soviet debate on State Plan and Budget for 1991 and Statement on National Situation. Soviet Russia, page 1, 11/27/90.

Could they have fizzled out?

Report on the Russian Federation Supreme Soviet debate on the threshold of the second Congress of Russian Federation People's Deputies beginning on Nov. 27. Evening Moscow, page 1, 11/26/90.

Right for land and freedom

Congress of the Russian Federation People's Deputies beginning on Nov. 27 will consider and adopt the most significant laws on land reform and agrarian relations in Russia. Izvestia, page 1, 11/26/90.

The USSR Supreme Soviet reviews State Plan and Budget for 1991

Report on the USSR Parliament debate on the State Plan and Budget for 1991 submitted by the Council of Ministers. Izvestia, page 1, 11/26/90.

Stern words of truth

Report on the USSR Supreme Soviet debate on the current national situation. Pravda, page 1, 11/25/90.

Retail Trade

Theft... on contract

In Leningrad food prices have risen by 75-350%, not for luxury items, but for staple food and drinks, causing people to faint in line-up in front of stores. Pravda, page 1, 11/30/90.

Want to buy a cafe?

Statistical report on cafes, retail trade and public catering outlets to be privatized in Russia. Workers' Tribune, page 1, 11/29/90.

The market gets more expensive

Market prices in major Russian cities increased by 50% in October on a year to year basis.

Details

Workers' Tribune, page 1, 11/29/90.

Who will feed Moscow?

Moscow Executive Mayor Y. Luzhkov tells Mossoviet session about delivery shortages of food to Moscow: 124,000 tons of meat and meat products, 130,000 tons of dairy products and 200 million eggs were not supplied to the capital, although retail trade sales remained at the same level, depleting stocks of consumers' goods. 1.4 billion DM worth of food will be coming as emergency supplies from West Berlin, where it was stored for years to defy "Soviet threat". Y. Luzhkov also offered meat, sausage and butter rationing in Moscow starting from December. Evening Moscow, page 1, 11/28/90.

Retail trade emergency measures in the capital

Mossoviet tries to deal with food shortages by introducing emergency measures: allocation of funds to the poor from 40M rubles raised through commercial sales of cigarettes. Y. Luzhkov says the worst is still to come next March-May. Izvestia, page 1, 11/28/90.