

UNCLASSIFIED

Document 6 of 7 FBIS Concatenated Daily Reports, 1989 Page 1

Report Type: Daily Report AFS Number:
Report Number: FBIS-SOV-89-223 Report Date:
Classification: UNCLASSIFIED Language:

Headline: Abalkin Answers Questions on Economic Conference

Source Line: LD1711235989

FULL TEXT OF ARTICLE:

1. [Editorial Report] Moscow Television Service in Russian at 1903 GMT on 17 November carries a 37-minute recording of a news conference held on 15 November with Leonid Abalkin, deputy chairman of the USSR Council of Ministers, on the conclusion of the scientific and practical conference held in Moscow to discuss Soviet economic reform. Video shows Abalkin on rostrum. An unidentified chairman opens the news conference:
2. "Esteemed ladies and gentlemen, we have invited you to a meeting in connection with the conclusion of the all-union scientific and practical conference on radical economic reform. This conference opened on Monday and ended today in the Hall of Columns of the House of the Unions." "Today Academician Leonid Ivanovich Abalkin, deputy chairman of the USSR Council of Ministers, will share his impressions on the conference with you."
3. Urgent measures, Abalkin says, must be taken to implement economic reform, and these measures must be drawn up before the Congress. Taking part in the conference were experts in all fields, to discuss as openly as possible, with all possible opinions represented, a nationwide program to take into account of all shades of opinion. The program must be realistic, comprehensive, and bold. The conference yielded a great deal of material over the 3 days it was held.
4. The first question is from a TASS correspondent who asks about the basis for the theory of the transitional period.
5. Abalkin says one main issue is how to move from a nonmarket economy to a market economy, how to create the infrastructure. The program is based upon a critical evaluation of past experience, both in the USSR and abroad; a scientific and theoretical analysis was also made. All this went into the proposals advanced.
6. A BTA correspondent asks about consensus on the issues discussed and on approaches to republican financial autonomy.
7. Abalkin says consensus is impossible in such cases: Full agreement would mean stagnation in thinking. All aspects must be

Approved for Release

2/2010

UNCLASSIFIED

2

This document is made available through the declassification efforts
and research of John Greenewald, Jr., creator of:

The Black Vault



The Black Vault is the largest online Freedom of Information Act (FOIA) document clearinghouse in the world. The research efforts here are responsible for the declassification of hundreds of thousands of pages released by the U.S. Government & Military.

Discover the Truth at: <http://www.theblackvault.com>

UNCLASSIFIED

Document 6 of 7 FBIS Concatenated Daily Reports, 1989 Page 2

weighed and conclusions reached. Agreement on the basic fundamentals was, however, attained: Without reform, we have an impasse. Consensus in the sense of an understanding of the responsibility of the decisions to be made was thus reached. Financial autonomy must be introduced in the republics from 1990, which leaves very little time. Huge price changes are impossible, but we are compelled to take interim measures to compensate until full measures are implemented. The source of republican budgets have been precisely defined, and further measures and amendments can be made in 1991 when other republics move to financial autonomy.

8. The FINANCIAL TIMES correspondent, speaking in english with superimposed Russian translation, asks: 'A question from the FINANCIAL TIMES: Could you tell us what specific changes must be made in your economic program as a result of the conference? It seemed to us that the reaction to your program was pretty disappointing. Do you agree with that assessment?'

9. Abalkin responds: 'The conference yielded no fundamental changes, no rejections of any directions or stages of reform. Conservative moods, however, turned out to be stronger than I had assumed before the conference started. This perhaps reflects the general changes in the social situation in the country, which is today substantially different from the situation in the summer, the summer of this year. This must be taken into account, this complex development of events: One cannot simply brush it aside, one must be ready for it.

10. 'I cannot as yet fully evaluate what was done in the sections--work went on in eight sections, four roundtables, and over 200 people spoke--all this must be looked at attentively, some interesting ideas, and amplifications may evidently be found there. And only then will it be possible to evaluate fully the quality of the discussions.'

11. A Portuguese correspondent asks whether public opinion might oppose the changes needed to emerge from impasse. The correspondent also asks what will be the role of the congress.

12. Abalkin responds that public opinion is vital; attempts have been made to play with public opinion and manipulate it. Public opinion must be mobilized--it is awaiting constructive measures and decisions. The congress will certainly be very turbulent and contradictory. We must learn to listen and heed one another, we must overcome social 'deafness.'

13. An Italian correspondent asks in English about opposition in society to private ownership.

UNCLASSIFIED

UNCLASSIFIED

Document 6 of 7 FBIS Concatenated Daily Reports, 1989 Page 3

14. Abalkin says the law on ownership, like the law on taxation must be submitted for nationwide discussion. As an economist, Abalkin says that it is very common for terms to be misunderstood, terminology is a source of misunderstanding and therefore of tension. Terms such as private ownership and cooperatives have been interpreted in different ways, giving rise to unnecessary polemic. We must not try to put over new thinking in the old terminology of the 19th Century.

15. An EL PAIS correspondent, in Russian, asks: "The newspaper EL PAIS, Spain. I should like to learn about ruble convertibility--that is one point; then also about a system of rationing, and third, parallel money-- chervonets."

16. Abalkin replies: "I believe the opinion is general and prevalent that there is a need for a Soviet ruble to be convertible. The only difference is in the professional and the nonprofessional views of how to make the switch. The difference lies in the fact that the professional assessment--as held by all the great experts, not just in the Soviet Union but in the west, too--is that convertibility cannot be introduced by decree. We cannot just convene a session of the Supreme Soviet and vote to introduce ruble convertibility as of 1 January. In order for this to come about, we must have within the country a developed market economy, a price structure akin to the price structure on the world market. We must have a developed infrastructure with the circulation of domestic securities and at least what we call internal ruble convertibility. We must have well-trained professionals. We must have a whole host of other conditions which cannot be created just by decree or administrative decisions made purely at will. This is the road we must go down. But we must go down it aware of all its complexities. This must be the case at subsequent stages in this movement, as well.

17. "A system of rationing is, in my opinion, an unacceptable path. We asked the country's leading academics and economists for an analysis of this problem and of the possible economic and social consequences. We had virtually total unanimity from them in their assessment of the inexpediency and of the socioeconomic unjustifiability of such a move. It does not feature in the program of our actions. If we succeed in implementing the steps that have been mapped out in the course of this year and next year, then this issue will have been removed from discussion by the start of the 1990's. If this program is not implemented--if something prevents it from being carried through--and if by the end of 1990...by the start of the 1990's we are unable to stabilize the situation in the country, then a system of rationing will be inevitable, but that will be the end of the reform.

18. "The question of a parallel currency is a question that is open

UNCLASSIFIED

UNCLASSIFIED

Document 6 of 7 FBIS Concatenated Daily Reports, 1989 Page 4

to discussion. It is open to discussion. There are many plans and proposals on this score, but there has been no decision on this matter. There are pros and cons. It is not clear which outweigh which, or by how much. We need some more time to form a definite opinion, but there is less than a month for this."

19. An APN correspondent asks about the difficulty of the present state of affairs and whether the population expected to wait.

20. Abalkin says everyone is waiting for an instant miracle. In the past, he says, it is at times like this that reports of UFO's start circulating. We must convince public opinion, by means of the truth and nothing but the truth. Huge disappointments are inevitable after huge illusions. The unfortunate must be made aware of the state's concern for their well-being. We must not give way to emotions. The individual must be made to feel his own responsibility and the importance of this work. The republics must be given their chance: In 1990 they must be zones of change; they must show that things are changing for the better.

21. An ABC correspondent, speaking in English with superimposed Russian translation, asks: "President Bush has said that he wants perestroika to succeed. What steps would you like the United States to take in the economic sphere to help perestroika succeed?"

22. Abalkin responds: "We must do most of the work ourselves. I remember what Bush said about Poland and Hungary. He was quite right, I think, when he said, as a wise and realistic politician, that the Poles and Hungarians themselves must bring their country out of economic crisis, just like the Soviet people must do. We must do this ourselves. I am concerned most by what must be done in our country in these matters. As for what can be expected of the United States of America, which might be of assistance, I do not wish to develop this topic, because apart from the most general concepts with which you have all long been familiar--decide the issue of the most-favoured nation system, remove some other restrictions--I shall not be enriching our knowledge with anything."

23. A (?HARLEMS DAGLAD) correspondent, speaking in Russian, asks: "We did not all manage to follow the debates conducted at the conference. Could you perhaps tell us more specifically which points gave rise to the most negative reaction from the conservatives, and how do you reckon to break this opposition?"

24. Abalkin answers: "We have a great deal of historical experience on how to break the opposition. [laughter in hall] Therefore, the main task is how to learn to hold a dialogue with the opposition. The best way is to compel the conservatives to do battle with the radicals, while we get on calmly with the job at hand. [laughter]

UNCLASSIFIED

UNCLASSIFIED

Document 6 of 7 FBIS Concatenated Daily Reports, 1989 Page 5

That would be the wisest solution, we have both radicals and conservatives. At the same time, we must take all the valuable and useful and sensible things offered by both of these, and include these in our programme and get on along our own way. As for the aspects which came in for criticism, I would limit myself to just two approaches. Emotions carried over from meetings were present at the conference; and there were also scientific discussions.

25. "Everything starts at the very beginning: Should state property be left unaltered, or should we start to modernize and renew, make it more flexible and start the process of de-etatization, given labor collectives on this basis the freedom to decide matters independently and to elect their manager. Or should we maintain the system of administration by injunction. Should we move to a market with new laws of regulating it, with flexible and mobile prices. Or should we as before keep prices unambiguously under harsh state control. A quite normal process is under way, not a very pleasant one, but a normal process of counterposing and weighing up and so forth. At the same time--and this is also a very well known thing--the existence of any opposition compels one to sharpen one's instruments of argument, compels one to weigh up more attentively the possible consequences, which might be overlooked were there no such criticism. Altogether, in the final analysis, if there is no destructive action and no struggle, one can derive useful things from this, if one regards taking account of diverse points of view as a factor making it possible to ensure a more realistic program of action.

26. "Thank you for the interest you have shown in the work of our conference and in our commission's work. Thank you."

UNCLASSIFIED