

Soviet Economy by Rachel Douglas

Railroads snarled again

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The lame Soviet economy got a reprieve thanks to milder than expected weather so far this winter, but new disasters on the rail system threaten to cripple it anyway. There are again shortages of freight cars and backlogs of unloaded ones throughout the Soviet rail grid, just as there were last fall.

Ripple effects from the renewal of blockades on the Azerbaijan Railroad, in the Transcaucasus war zone, are partly to blame. On Jan. 18, TASS reported that 7,500 cars with freight for Armenia were backed up on Azerbaijani lines. The same day, *Izvestia* said that a shortage of rail cars had stranded 2.63 million metric tons of imported grain on board 108 ships, mostly in the southern ports of Novorossiisk and Odessa. There lacked 6,650 cars for transporting grain.

With another 4 million tons of imported grain due to arrive by the end of January, V. Nikitin of the State Commission for Food and Purchases assessed the freightcar supply situation as "much worse than was expected" when imported food delivery schedules were drawn up. The backlogged shipments are feed grain, which "requires immediate processing," but "disruptions could also arise in food supply" since grain for bread-baking starts coming next.

In 1989, the Soviet Union paid \$32 million in fines for ships detained in harbor beyond schedule, waiting to be unloaded. The fines are piling up at a faster rate now. On Jan. 13, Soviet television reported that First Deputy Prime Minister Lev Voronin is now heading a special commission established at the Council of Ministers "in

connection with the emergency state of affairs on rail transport." A conference held at the Ministry of Railways heard a report that every day, 1,400 tank-trucks and 31,000 freight cars go unloaded. The ministry quintupled fines for delays in unloading freight, for Jan. 15 to April 30, but *Pravda* voiced doubt that this would cure the crisis.

The reported level of unloaded cars is nearly twice the 17,000 freight cars which were failing to be unloaded each day last October, when the official Soviet trade union leadership termed the resulting consumer market situation "critical." At that time, the Ministry of Railways reimposed centralization, which had been eroded in the name of economic reform. There were "bans on loading particular types of freight in favor of priority, vital freight—otherwise, the winter may turn into a disaster." By Nov. 4, Railways Minister Konarev asserted that the unshipped imported cargo had been cut by 400,000 tons, to 1,572,000 tons.

The detention of freight cars in the Transcaucasus can snarl traffic as far away as Estonia and Leningrad, because of huge underinvestment in infrastructure. The Soviets reckon that, to run without hitches, a railroad needs a reserve capacity of 30% of its throughput and processing capacity. The lack of such a margin loses the Soviet economy 10-12 billion rubles per year, says Deputy Minister of Railways G. Fadeyev. At a meeting in July 1989, rail officials blamed faltering railway service "on the capabilities of the national economy as a

whole and above all those related to the delivery of passenger and cargo cars, locomotives, rails, ties, track vehicles, spare parts, construction materials and mechanisms, and the allotment of the necessary capital investments."

During the 1980s, growth in investment in the railroads did not keep pace with other investment growth. Investment in rail fell from 2.98% of total capital investments in the Soviet economy in 1980, to 2.73% of the total in 1985, and 2.68% of the total in 1987. During the 1970s and into the 1980s, a huge portion of Soviet rail investment went to the Baikal-Amur Mainline (BAM), the second trans-Siberian railroad. While an orientation to great projects ought to help an economy, in the Soviet context of an unrelenting war industry drive and stagnating agricultural and industrial output, the BAM sucked away resources from the rest of the rail system.

In a November 1989 interview, Konarev begged for investments. "Our fixed capital is quite obsolete," he said. "It needs to be renewed in order for us to be up to more intensive work." Once again showing that the Gorbachov-era reforms have worsened the Soviet economy, he voiced gratitude that some centralized command procedures were restored: "The government's decision to extend the state [guaranteed purchase] order to the main types of industrial products delivered to railway transportation is very significant. This eliminates the lack of logic which was built in during the development of the new economic mechanism, with surprising ease, and in keeping with which, deliveries to railway transportation were divided into mandatory and non-mandatory." Many factories have simply stopped producing items for which there is no state order, if they can get a higher price for some other product.