PROBLEMS OF CONVERSION IN THE MOSCOW REGION

by J. Žbanov and V. Šiškina

Moscow, capital of the former USSR and RSFSR, and one of the world's political, industrial, scientific and cultural centres, is the largest city in the country and the focus for the country's most important region, the Central Economic Region. The combined population of the city and the region, which comprises sixty nine towns and seventy four urban settlements, is approximately 15 million.

The main economic potential of the Moscow region lies in engineering and metalwork. Those two branches account for over a half of output. In addition, the motor, tool-making, aviation and radio industries, and also the manufacture of bearings, play a significant role in the economy.

The cities in the Moscow region produce a wide range of industrial products: metal-cutting lathes (Kolomna, Dmitrov, Egorevsk), equipment for the oil and steel industry and for light industry (Klinovsk, Podolsk, Kolomna), steam boilers (Podolsk), excavators (Dmitrov), agricultural machinery (Liubertsy), tipper trucks, underground railway carriages and mobile cranes (Mytishchi, Balashikha), diesel engines and cement transport vehicles (Kolomna), X-ray, cine, and photographic equipment (Krasnogorsk), metals and alloys (Elektrostal), chemicals (Voskresensk, Shchelkovo), resins and plastics (Orekhovo-Zuevo).

Light industry, the food industry, and the production of consumer goods are well developed in the Moscow region, which also accounts for 20% of the cotton and woollen textiles produced in the country. The glass, porcelain and china made in the region are of major significance in the Union as a whole. Moscow is the largest centre of air, railway, road and river transport. The Academy of Sciences of the former USSR, the branch academies of sciences, and a network of branch institutes and development offices in Moscow undertake R&D covering a variety of the requirements of the national economy.

A significant role in both the city and the region is played by the defence complex. An important proportion of industrial output in Moscow, and of R&D, is done by defence enterprises. Consequently, conversion of military production in the Moscow region is of unusual significance, all the more so if one takes into account the fact that a significant proportion of the civilian and consumer goods produced in the region are exported to other economic regions: for instance 50-60% of the televisions, tape recorders, radios, and also washing and sewing machines, vacuum cleaners, furniture and gardening equipment and others.

The nature and direction of conversion of military enterprises largely depend on their readiness to carry out the process. The difficulties arising from the absence of specialised production facilities for civilian and consumer goods in defence enterprises have not yet been overcome (that is, if one does not count the enterprises of the former light and food industry which were transferred to the sector), and the profitability of output is low.

For that reason the defence branches
of industry undergoing conversion of their enterprises to output for peaceful uses are being forced to look for new organisational and economic options.

In order to form an impression of the way that conversion is taking place in the defence complex of the Moscow region we shall examine a number of specific examples.

In Moscow the defence complex as a whole produces, under conversion, consumer goods worth 100 million roubles. In Moscow it is the only supplier of televisions (over 1 million units per year), radio receivers (over 300 thousand units per year), engine blocks (approximately 60 thousand units per year) and razor blades (approximately 600 thousand units per year). Defence complex enterprises also produce over 100 thousand refrigerators and over 300 thousand vacuum cleaners per year.

The proportion of consumer goods produced in the overall output of the Moscow defence enterprises in 1990 was 17.4% (15.4% in 1989, and 10.7% in 1988). From 1989 to 1990 the amount of paid services provided by military enterprises grew by 29.5%.

By 1995 the defence complex in Moscow is intended to be producing civilian goods worth not less than 3 billion roubles, which includes output by enterprises belonging to the USSR Ministry of the Radio Industry worth 1.2 billion roubles (a 50% increase on 1990), by enterprises of the USSR Minelektromprom worth 865 million roubles (a 75% increase), and by enterprises belonging to the USSR Ministry of Defence Industry worth 200 million roubles (an 82% increase).

It is planned that by 1995 enterprises of the defence industry in Moscow will be manufacturing 1.5 million televisions, (28% up on 1990), including colour televisions –1.13 million units (an increase in output of 46%), 400 thousand tape recorders (up 20%), 200 thousand engine blocks (up 67%) and 440 thousand electric vacuum cleaners (up 24%).

It should be observed that this will not satisfy all the needs of the Moscow region or the country as a whole. For instance, output of televisions and television tubes needs to be reviewed. The Khromatron Factory is planned to bring its output of television tubes up to 1.2 million units per year (a 60% increase) which is clearly insufficient even to create the necessary stock of spare parts. The capacity for an increase in output of televisions is available at the Moscow Radio Technology Factory and the Rubin Production Association, which annually produce a total of over 900 thousand televisions, including approximately 500 thousand Rubin colour sets, 400 thousand black and white Igomost models, and 50 thousand colour models of the same marque.

From 1990 to 1994 there is to be a significant increase in output of civilian goods in the most important areas as specified by the State Conversion Programme for Military Production: medical technology is to rise by 41% (the output volume is to reach 80 billion roubles per year), processing equipment for the retail sector and public catering is to rise by 17% (output volume –28.5 million roubles), and process technology for agriculture is to rise by 73% (output volume –26 million roubles).

R&D organisations have an important contribution to make to the success of conversion of enterprises. The Moscow region defence complex contains a concentration of significant R&D potential accounting for 20-40% of all the R and D carried out by defence branches of industry. The Moscow region defence complex has the ability to play a part in increasing output of consumer goods, effecting technology transfer into civilian and consumer goods production by non-military branches, and extending work on designs of science-intensive products for the civilian population including the science-intensive hardware which is a spe-