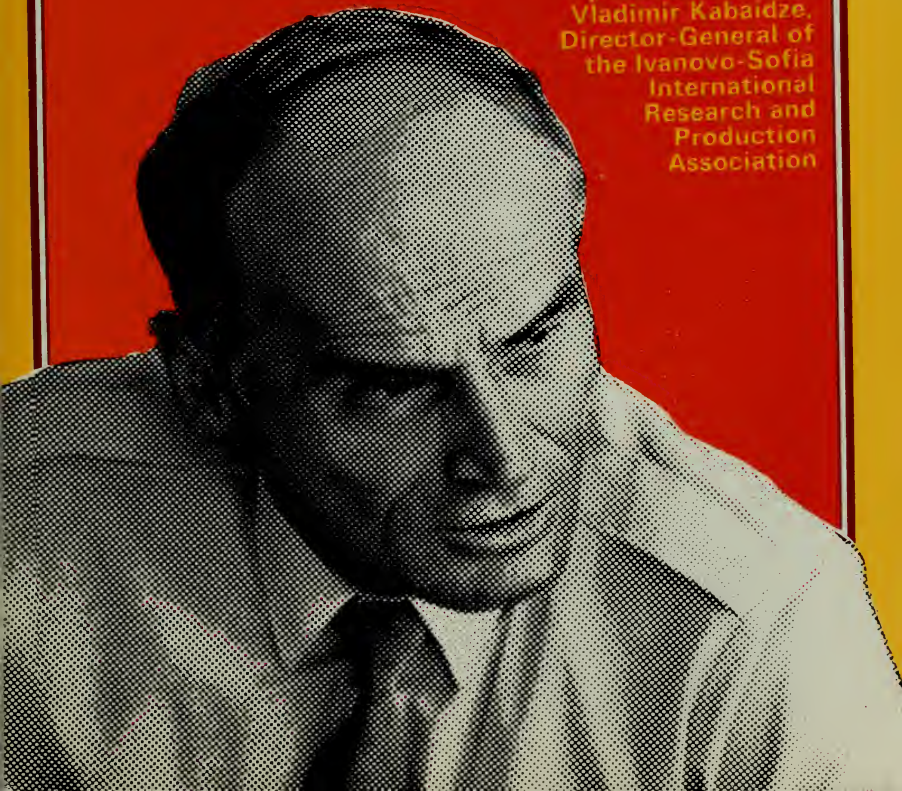


Expert Opinion

**VLADIMIR KABAIKZE**

**'WE HAVE  
INITIATED CHANGES  
in the MACHINE-TOOL  
INDUSTRY'**

'And here we shall continue with perestroika,' says Vladimir Kabaikze, Director-General of the Ivanovo-Sofia International Research and Production Association



## Expert Opinion

The NOVOSTI Press Agency Publishing House is putting out this series for readers who are eager to obtain reliable and exhaustive first-hand information about the USSR's accelerated social and economic development and new thinking.



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**Vladimir TEREBILOV**, Chairman of the Supreme Court of the USSR: "Perestroika Demands Judicial Reform."

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# THE EXPERIENCE OF THREE YEARS

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Vladimir KABAIDZE  
delegate to the 19th  
All-Union CPSU  
Conference and  
General Manager of  
the Ivanovo-Sofia  
International  
Research and  
Production  
Association answers  
questions by  
journalist Liza  
Gladysheva

*Why do the Ivanovo machine-tool workers enjoy the respect of foreign companies?  
Is the Ivanovo collective ready to take risks?  
Who is responsible for the destiny of perestroika now?  
Where are the hidden reserves of the branch economy?  
Is there a written law for officials?  
Is a minister always right?  
What should the young be taught, and how?  
Who is the master in an industrial city?  
What should we pay taxes for, and to whom?  
Why do design engineers want to live in Ivanovo rather than Moscow?*



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Three years have passed since the April 1985 Plenary Session of the CC CPSU. How do you assess the path traversed from the beginning of perestroika to the 19th CPSU Conference?

The period has been neither easy nor simple.

Now, like many others I imagine, I would like to be able to say that perestroika is proceeding very well. But we all realize that this is by no means so. Perestroika has encountered many difficulties.

The overcoming of these difficulties, and in general every step forward we make, requires of the communists and of our entire people revolutionary thinking and vigorous action.

The experience of our association is in fact a dialectical cross-session of perestroika, with all its triumphs, set-backs, contradictions, zigzags, and dynamism. We analyse it to achieve an objective conceptualization of what we have done and to obtain greater achievements with lesser errors on this new path.

A great deal has changed for the better in our country, in the life of our people, in our city of Ivanovo\*, and with our plant collective. The changes which have taken place within this brief period were never observed before in whole decades. Things have developed in such a way that for the last three years we have led many other enterprises in our machine-tool industry, and not only in this industry. We have pioneered the institution of an international association in our country. We were the first to enter into direct trading relations on the world market. We were among the first to adopt self-financing. These three aspects, vital to us, enable us in practical terms to realize for ourselves and to convince others of the need for the decentralization and democratization of management.

Of major importance for us, the Ivanovo people, has been the organization of the first—and no longer the only—

joint Soviet-Bulgarian research and production association. The initiative in cooperation with our Bulgarian colleagues and in achieving a fuller use of the international division of labour was taken by our association. Naturally, such associations can be set only by the highest authorities.

It is worth recalling how solidly and reliably our association has been supported since it took its very first steps! First, came the signing of intergovernmental agreements during Mikhail Gorbachev's visit to Bulgaria. Then we reported the results of our work to the Politburo of the CC CPSU. Of course, I felt nervous about having to report about so many things. The audience listened to me attentively and approvingly. My statement was followed by new proposals, for both the short and long term, to help solve pressing questions and difficult problems and to search for new ways of acceleration. Now we have initiated multilateral international cooperation. Jointly with the German Democratic Republic and the Korean People's Democratic Republic we are organizing the production of heavy and superheavy machining centres, so sorely needed by our machine-building and other branches of our national economy. The greater part of the products will go to the Soviet market.

Many bureaucratic barriers have survived in the cooperation between firms of socialist countries. But we are breaking them down. Unfortunately, sufficient experience of socialist integration has not yet been acquired. But the fact that international associations are a good form of mutually advantageous cooperation has been realized by our partners as well. Suffice it to say, for instance, that the deliveries of Bulgaria's machining centres to the Soviet Union rose eleven-fold in 1986 and increased fairly noticeably in 1987, too.

The international business contacts of the Ivanovo association are expanding and growing stronger. The demand for the products of the Ivanovo-Sofia Association in the world market is growing. Now even our colleagues—the machine-tool makers of other Soviet cities—envy us. They say that we in Ivanovo are in a privileged position, maintaining direct external economic ties, obtaining foreign currency profit, and practising complete cost accounting and self-financing.



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## What is the chief concern of the association collective at present?

The quality of our products.

I am utterly convinced that the best way to improve quality is by increasing export deliveries, especially to the developed capitalist countries.

Let us recall how long we held meetings to discuss the manufacture of export products. There was plenty of noise—assignments, plans, and big words about the prestige, honour, and reputation of the plant. But things did not get much further than words and plans. Export was unprofitable. But our association emerged in the international market, and only in that of the developed capitalist countries, believing that sales in the conditions of tough competition prove best of all the high quality and technical level of our products. Although the material incentives were simply ridiculous. Only in May 1987 was a new order introduced, under which export (especially for freely convertible currency) has become exceptionally profitable to the enterprise. This furnishes an excellent example of real incentives.

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*In the twelfth five-year plan period (1986-1990) it is contemplated to:*

— create almost two thousand flexible manufacturing systems, including fully automated sections, departments, and plants;

— manufacture over eight thousand automated transfer lines of the rotary (or rotary-conveyor) type for machine-building and other branches of the national economy.

*In the main types of production up to 80 per cent of machining will be carried out by automated equipment. Three hundred flexible manufacturing systems of various designations were installed in 1987.*

*"The mobile construction of mobile machine-tools for a mobile machine-tool industry" is the slogan rigorously observed by the Ivanovo machine-tool makers; and it has enabled them to win positions in the home and foreign machine-tool markets. On the basis of this plant, which was founded exactly 30 years ago, the Ivanovo-Sofia International Research and Production Association has been established.*

*Over 600 plants in the Soviet Union and in 50 other countries, including the Federal Republic of Germany, Finland, Sweden, Canada, Japan, and Australia, buy these first-class machines.*

Delivering machine-tools to developed capitalist countries, we are constantly forced to perfect our products, having almost 60 rivals there. Incidentally, some ten years ago our foreign competitors did not regard us as rivals, aware that until we grasped certain truths ourselves they would leave us far behind. But of late we have been treated with great respect at international exhibitions. As soon as a representative of a foreign firm learns that we are from Ivanovo, the conversation immediately passes to non-technical subjects, and we cannot obtain even the simplest advertisement of his firm's new equipment. But it gladdens us more than it upsets us: at last we are seen as competitors and our rivalry is feared, at last the quality of our machine-building products has reached world standards.

To help readers of different professions and trades to grasp the essence of the matter, I will say that now flexible, mobile technology is determined by numerical programmed control machine-tools, above all, machining centres.



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And still, what factors prevent economic managers and captains of industry from adopting efficiency methods? Is it, per-

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haps, that they are not bold enough? Or are additional decisions necessary?

Not at all. Documents abound. What is lacking is economic initiative, boldness, a proper business grasp, state consciousness, and revolutionary thinking. So far, the psychology of economic and official personnel is often dominated by overcaution. And the fact that the gap between the Soviet Union and the developed capitalist countries is hardly shrinking at all should cut us to the quick and cause us anxiety. Where is our engineering ambition and our sense of social prestige? It is this that should motivate us if we care to improve our situation. Instead, we comfort ourselves with the belief that we are nevertheless making progress.

We are all worried why perestroika is developing in such a complicated way and so slowly. Reflecting upon this problem and discussing the matter with the managers and specialists of other enterprises, I have arrived at the conclusion that a fairly negative effect is exercised by the old habit of shirking responsibility and of waiting for orders from above, as if above it were clearer what products should be manufactured, how, and in what quantities. That was how our economic managers learned to perform their purely executive functions. In other words, they have learned sheer obedience. The managers were used to assuming that things were decided for them by the ministry, and the ministry leaders waited to be prompted by the CC CPSU and the Council of Ministers. Another complicating factor is that in the many years which preceded perestroika we liked to deduce "beautiful" indices. Everyone merely demanded production over and above the plan! Above all, this was demanded by our own ministry. But, symptomatically, I have NEVER heard a demand or even a request for production renovation.



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**What arguments do you think could check this bureaucratic carousel?**

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Rapid growth rates are our chief argument and the catalyst of entire perestroika. If even five years ago I had



heard that our enterprise would no longer be ordered about by the ministry department and other organizational boards, that they would simply be abolished, and that we would become subordinated directly to the ministry, I would not have believed it, although by nature I am an incredible optimist. Now we are living without our department, and our life has grown better, not worse. Breathing has become much easier for all of us. True, not enough to feel absolutely unhampered and happy. It seems still more weighty arguments are needed. We seem to have removed the intermediate barrier, but the appearance of work instead of work itself has remained almost intact. I think this is so because although perestroika is underway, the number of instructions has increased. By how much? I can tell you exactly—by ten per cent. Our office strictly counts the incoming and outgoing documents. That's economic self-reliance for you!



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**What is the reason for such a splash of paperwork bureaucratism?**

Perhaps it comes from the same fear of our commanders that in the absence of these instructions someone below will inevitably make an error. Clever people learn from mistakes while fools repeat them, as the saying goes. And one would hate to be a fool. Believe me, it is not mistakes themselves that are fearful, but the way they are corrected. This alone shows how perestroika is proceeding.

How have we organized work in our association to reduce the amount of paper and accommodations? It has been 15 years now since we refused to produce universal machine-tools and, without official authorization, began to manufacture machining centres, which no Soviet plant had produced before. This was not made binding upon us. What is more, nobody encouraged us to do it.

New exceedingly complex machines and their sharply reduced production periods also demanded basically new production organization. This put superfluous papers out of the question. There was no time left for them. All the old customary schemes (accommodations, trial lots, and so on) passed out of existence. The only right this situation left us was to work without errors. That was why all that was new

was subordinated to the following rigid pattern: draft of a machine—discussion at the director-general's—manufacture—assembly. The process engineer was placed next to the design engineer, the latter working in the machine shop or at the assembly section. What was the gain? Machine-tools were made four to ten times quicker. New models had never made their appearance so quickly. A rise in the prestige and skill of the design engineer was another gain.

A rise in the role of the collective and appropriate psychological tuning make any difficult work possible, if it is done with a will.



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**However, such an approach involves colossal risks. Are you and your like-minded colleagues ready to take such risks?**

Are we ready?! We constantly assume responsibility. Every day of our life. In the past ten years alone we have made operational 35 machine-tool models created not on orders from above, but on our own initiative and at our own risk. It is natural: when one gets ready to produce a new item one always takes risks, unaware of how the innovation will be received by the consumer, the market.

It is also clear that advanced equipment can be created by advanced technology. In our association technology is based on the extensive use of programmed control machine-tools and machining centres, above all, of our own making. This ensures high production mobility and high labour productivity.

Thus, in the past 15 years our output has expanded over four-fold with the same number of personnel. Although

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*The Ivanovo-Sofia Research and Production Association operates an efficient system of material incentives for specialists. Personal increments are paid to the most competent engineers for work yielding the best possible results. Three-month and annual bonuses, incentives for export production, and bonuses for the introduction of new technology and equipment create a considerable addition to the fixed wages. Furthermore, individual groups of design engineers brought together for urgent or particularly important tasks are paid for the work on a piece-rate basis.*

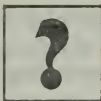
previously and even now many people see the only chance of introducing new capacities in new industrial building schemes. Perhaps because it was believed that such indices earned the ministry a good reputation.

Eight years ago our enterprise was also drawn into the building of two plants. We tried to resist, but in those days we were too weak. Now we would be able to win. Then we requested resources not for building projects, but for the technical re-equipment of the enterprise, for housing schemes, and for the construction of a palace of culture. "No," we were told. "New capacities are needed."

In the meantime, our social and everyday problems are not fully solved. Although it is true that all our families that so desire can take their children to nurseries and all our schoolchildren who want to spend the summer in camps can be accommodated there.

But now many members of our collective would like to build country cottages. This is why the city authorities are just about to settle this question. They will choose a good plot of land where a beautiful settlement, steeped in greenery and having all urban conveniences, will soon make its appearance. In short, the housing problem is still with us.





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**What is the best way to combine state interests with the interests of the labour collective in the new conditions?**

The state order, cost accounting, and self-financing—all these notions embodied in the Law on State Enterprise (Association), made effective in January 1988—in principle offer an answer to this question.

But all of us, both in the ministries and other agencies and in plants, whether ministers, managers, engineers, or workers, are yet to learn to abide by the Law on Socialist Enterprise. It has given us major rights and possibilities for the independent solution of our problems, which, incidentally, are to be solved not by the manager according to his own lights, but by the council of the labour collective, and it offers good democratic schooling in management. But the officials above are not going to part with their authority so simply, handing down to us exorbitant state orders and excessive rates of deductions from the profits. And they regiment the financial and economic activity of an enterprise so rigidly that nothing is left of our economic self-reliance.

It is in the interests both of the state and of the collective that economic levers should work. We have these levers—above all, cost accounting and self-financing.

Whatever is prescribed to us, we determine ourselves what equipment we should develop and produce, and we search for contractors and consumers and emerge on the international markets ourselves.

And whatever tough battles we have to fight with officials and bureaucrats, overcoming their administrative

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*The change of design and the annual renewal of the machine-tool parts being produced confine their "lifetime" to four years. This means that within four years all parts are either removed from production or their design and production process are changed. And efforts are made to achieve the greatest possible structural simplification, to reduce the total number of parts, and to unify them. This is advantageous both to the customer and to the association. The diagram shows the rates of renewal of the main products of the Ivanovo-Sofia Research and Production Association in the last three years (the data is indicated in per cent, counting the production list of 1985 as 100 per cent).*

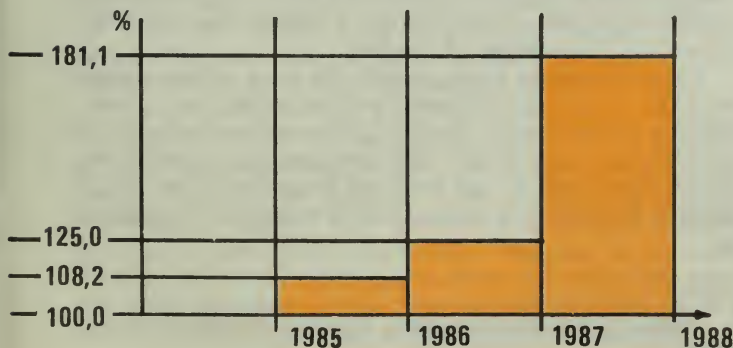
zeal, we continue to lead scientific and technological progress, constantly creating more and more modern machines. Both the state and the collective are morally interested in this.



**Machine-tools bearing the "Ivanovo-Sofia Association" trade-mark are known all over the world, and your name continues to appear in the Soviet newspapers. What is your attitude to such popularity and fame?**

A man with healthy ambitions, I find it flattering that the endeavour and problems of the Ivanovo machine-tool makers interest the CPSU Central Committee and the government. On the other hand, how can we load the General Secretary and the Chairman of the Council of Ministers with questions and problems which simply must be solved by ministries or other central agencies? Why then is the managerial stratum deaf to our problems? Why should everybody wait until it is prodded and has it made binding on it to handle these matters?

As regards the press, I have no full satisfaction. After I speak or write in the central press stating my views on what seems to me to be a problem common to many enterprises or industries there comes a silence. I do not receive a single proposal either from the ministry, or from the regional Party committee, or from an enterprise allied to mine to analyse



the lessons and errors. And nobody ever comes or calls to say: "Listen, you do it this way, and we do it our way. But we obtain results no worse. Why not discuss the matter?" I would joyfully plunge into such a discussion. But it never happens. It's as if a giant shock absorber were at work.

But, curiously, more often than not, this shock absorber works somewhere at the level of the guidance of enterprises, districts or city and regional organizations.



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**You have also earned prestige in your city. Now it is helping you in your work. And how can others, who have no prestige and support, hold out?**

I have a friend who collects all that is published about me and our association. He calls it Kabaidzeology. It is good that he is an old schoolfriend of mine. For him all these newspaper and magazine clippings are little joys. But imagine that someone else constantly hears: Ivanovo, Ivanovo, Kabaidze, Kabaidze. This is sure to irritate him. Especially if he is a manager like myself.

So, this medal also has two sides. I think that every leader realizes this. One of the sessions of the USSR Supreme Soviet was addressed by a plant manager from Saratov\*. "Why don't you work like Kabaidze?" he was asked. "But Kabaidze has fought a fifteen-year battle," said the manager. "He is the pushy kind."

It is true that we were then the first. But now we face an entirely different situation, and it should favour not hackneyed thinking, but bold decisions. But a successful onslaught, as a rule, is ensured by a strong rear. By rear I understand the prestige of the firm.

For us this story is not so old. We were denied understanding in our own ministry, but we were given understanding and support in the CC CPSU and by the leaders of our Party and government. We were denied support by the district Party leaders, but the First Secretary of the CPSU regional committee, a trained textile engineer, understood us.

I am making this point not only as a token of gratitude. Still less so, to teach the local leaders. But I would feel happy if everywhere Party committees devoted themselves not to district or city preoccupations, which they are wrapped up in, but to state priorities. Then perestroika will gain in pace and perhaps become less painful.



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**I have heard that you receive masses of letters. I imagine that these contain responses to your press statements. And, it seems, you can't complain about us journalists. We have always supported you and your collective.**

So far, I have no complaints about journalists, although they have something to do with the stream of letters which has poured into the Ivanovo-Sofia Association. It fills me with gratitude to read letters from people who would seem to stand far removed from our machine-building problems but whose concern for the destiny of perestroika in all spheres of life would do honour to statesmen. When you spend whole days running about all over the plant and getting involved in all sorts of managerial debris, you don't notice that a host of attentive eyes are watching you from near and far.

I take "personal" letters home. And I try to answer every correspondent. But sometimes the mail is just too much.

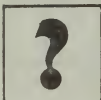
And since I have started this conversation about human relations, I would like to lift a heavy burden from my heart. I am frequently sought by my wartime comrades. And not infrequently they take me for a namesake of mine, another Kabaidze. Two years ago I answered a telephone call.

"I am a former frontliner and I've been looking for you."

"No, no," I said. "It's a mistake. I served in the infantry, and you are searching for the commander of an artillery battery." Saying this, I rang off. Only later did it occur to me that this man, whom I did not know, had come to Ivanovo specially to meet me. How could I, listening to his voice breaking with a stir and timidity, think not about this man, but about my never-ending plant problems?! How could I have replaced the receiver, saying pat parting words?!

This episode has taught me a good moral lesson.

In the meantime, I have been treated with greater consideration. While on a tour of the United States I made it plain that I would appreciate meeting the American soldier whom I had shaken hands with during the link-up on the Elbe in 1945. And our reunion did take place—after 43 years! When I crossed the Atlantic Ocean as a member of the Soviet delegation last May, two former lieutenants met and exchanged a firm handshake.



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**What do you think stands in the way of speeding up progress in the machine-tool industry as a whole, of making a spurt?**

I have been asking myself this question again and again: what stands in the way of speeding technological progress in the machine-tool industry?

The common trouble of our machine-tool industry is rigid, immobile technology going back to the 1940s and the 1950s. The Soviet Union's colossal fleet of metal-cutting tools, in the main, consists of universal tools. And the annual output of new and also mostly universal tools of a comparatively low technological level dooms us to technical backwardness for a further ten or fifteen years. Now,

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*Ivanovo was the birthplace of a new method (the so-called integral-combined method) for creating new technology. Its basis is formed, in particular, by:*

— *the involvement of technologists, metallurgists, electronic engineers and production department workers in the designing of a machine-tool, from the drawing-board stage to the completion of the design;*

— *the parallel designing of all sections of a machine-tool with the priority development of basic parts.*

*The integral-combined method of design and manufacture of new industrial equipment has made it possible to reduce the overall production period to 18, and even 12 months. And the machine-tool assembly cycle has been reduced from three and four months to 20 days. In 1987, for instance, eight new models were created, among them:*

— *the IS800 machining centre with a round magazine for forty tools;*

— *a laser machining centre;*

— *the IS500 module with a circular table for sixty tools.*

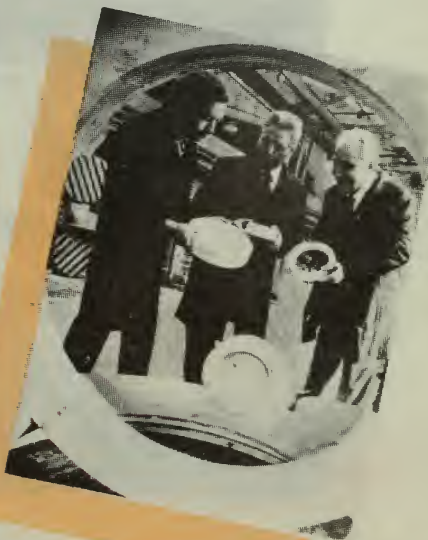


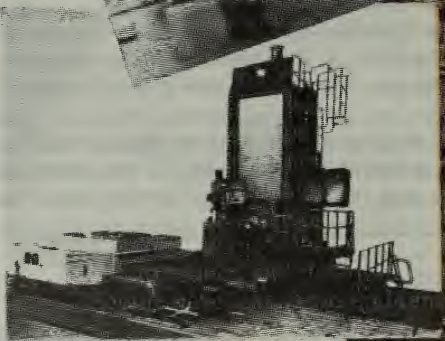
as I have already mentioned, advanced industrial technology is unthinkable without numerical programmed control tools, especially without machining centres. Our country should already be producing at least ten thousand such centres annually. But at present, the output is several times smaller.

The only way out I can see for all enterprises is a considerable improvement in the quality of products and in the consolidation of self-financing principles. This brings me back to our Ivanovo breakthrough into the world machine-tool market. How it raised the creative spirit of our people! I can say, without fear of contradiction, that it was a spectacular event. I know from my own experience that every kopeck earned with one's own efforts is highly valued. When previously currency was allocated from above it was all the same to us how much was paid for a machine-tool we bought—190,000 or 200,000 roubles. This money didn't come into our hands. Now I try to make out myself on what I can save, and how. And there is only one way of earning foreign currency—by selling one's own products for gold.

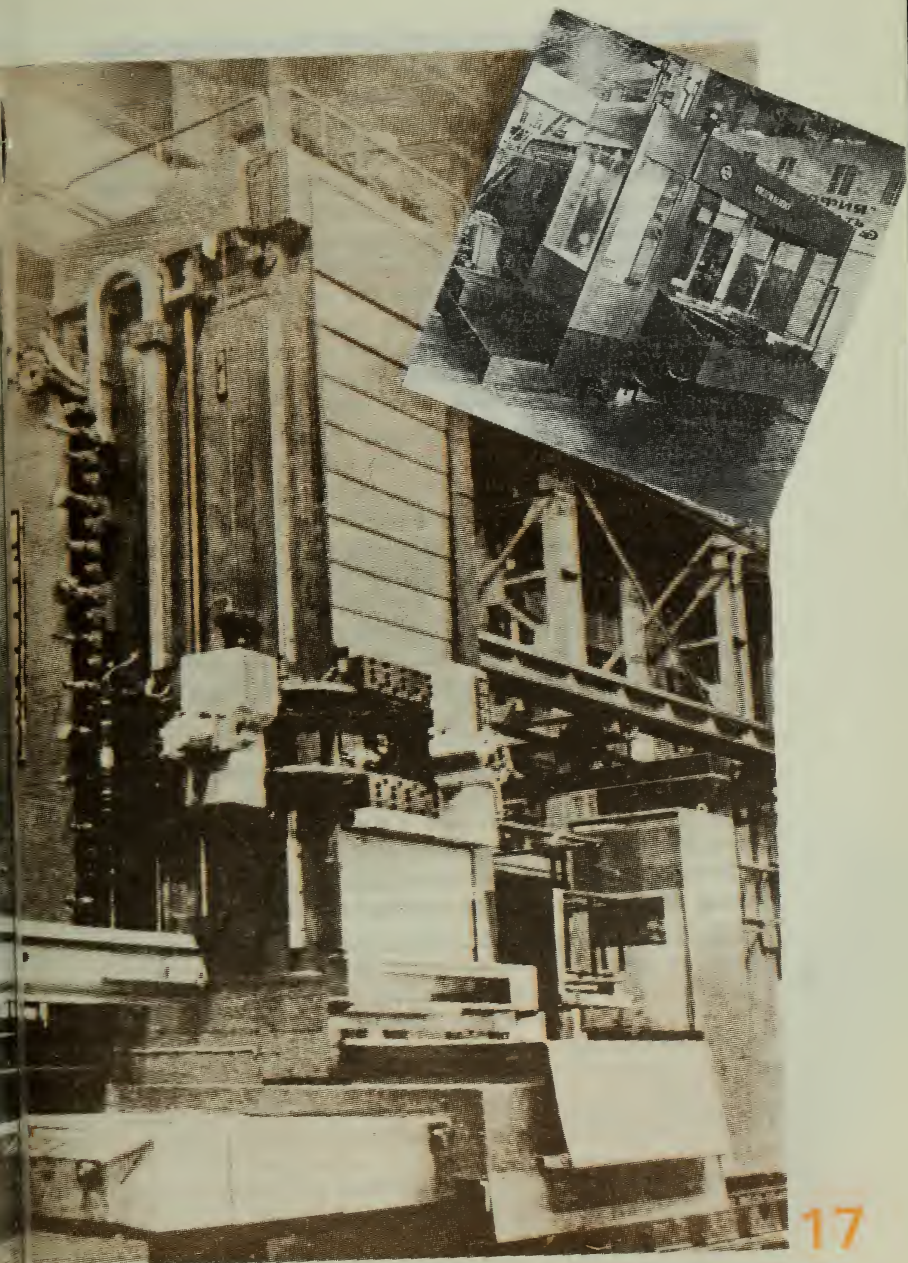
There is another serious reason for our lagging behind, but it also lies not only within the realm of machine-tool making: incomplete sets of deliveries constantly warp our

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*At an international exhibition of machine tools in Moscow two years ago, were shown two new Ilyenko models—the 10500MF4 and the Machine 500. Some of the latest models, like basic mills, and a flexible manufacturing system made up of several machine tools are presented here. But to give the reader at least an idea of the production capacities of all Ilyenko machines, brief minutes will be made of the characteristics of the smallest and the biggest machine-tools.*



national economic complex. We've all long got used to the fact that tractors are delivered without mounted implements, computers without software, and machine-tools without tools. This third example is better known to me. For many years the Soviet instrument-making industry has been in the position of a Cinderella, which depreciates even the increasing output of modern machine-tools. For comparison I will say that in the structure of the American machine-tool industry one and a half million dollars' worth of tooling and tools are produced per million dollars' worth of machine-tools. In our country, regrettably, this ratio is tens of times worse. Incidentally, one of the reasons for the success of the Ivanovo-Sofia Association is that we sell the customer not machine-tools, as is commonly adopted, but the entire production technology, including the instruments, the tooling, the service, the software development, and the training of the customer's personnel.

Our machine-tool industry includes many plants which, putting it mildly, exercise little influence on the destiny of Soviet machine-building. In our branch of industry priority enterprises are not singled out and the capacities of under-loaded or third-rate plants are not used in the production of associated items and units for the enterprises taking the lead in the manufacture of the main products. Aren't these exceedingly rich reserves for our economy?

The production organization is archaic. This is bound up with the previous question. Our economic managers strive to follow the my-plant-is-my-castle principle. In other words, both a small plant and a giant one do everything themselves following the natural economy pattern—model production is our own, and so is foundry, and instrument-making, and tooling. And so on down to the screws, bolts,

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▶ *The small one (it was nicknamed Tiny Tot on account of its relatively small size and weight, although its full name is Machining Centre IR320PMF4) can perform exceedingly fine technological operations and process all surfaces. And here is a sort of Gulliver (its full name is Machining Centre with Programmed Control and*

*Automatic Change of Tool IR1600MF4).*

*It makes it possible to machine in an automatic cycle large basic components with a mass of up to forty (!) tons, 2.5 metres in height and eight metres long. What are Gulliver's own dimensions? It is 16.5 metres long, 6.4 metres wide, seven metres high, and has a mass of up to eighty-five tons.*

and pins. Can normal work be done under such conditions? No. But why do we work? It is very convenient. When we need a new machine-tool we make it ourselves, even if our plant is far removed from machine-tool making, for trying to order a needed machine-tool through the ministry is possible, but actually obtaining it would be something unheard-of.



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**Now, under the Law on State Enterprise (Association), captains of industry enjoy major rights in solving many questions. For the same purpose provisions have been made for the setting up of councils of labour collectives. How do you think this could influence the state of affairs in any particular branch of the economy?**

All these innovations will be nothing but playing at democracy if, as before, questions which seem to be within our competence are solved above. After all, the councils of labour collectives have been set up not to check a satrap-director, but to achieve concrete things at one's own enterprise. But, alas, as I have already said, everything is strictly regimented, as before.



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**Why is this happening now?**

Because everybody wants to manage. Nobody wants to part with authority, with the privilege of making decisions which we can make ourselves. An official likes to "function". Our self-reliance deprives him of this customary occupation, placing in doubt the necessity and meaning of his job. Official zeal knows no bounds.

Many people have retained former approaches and assessments connected with the question as to how to run a branch of the economy. Whereas now we need non-traditional approaches and a boldly thinking managerial personnel.

I will refer to the opinion of our highly respected scientist Academician Nikita Moiseyev. In a recent contri-

bution to the central press he wrote: "The development of science, the rapid growth of the complexity of technology, the necessity of new production processes, and simply the emergence of the vital need for high-standard competent production work make it absolutely clear that the initiative of individuals who lean on silent executors should yield place to the initiative of a large number of thinking and questioning people. We have now just entered upon a period of our history characterized by quests and daring. Now more than ever before our country needs not only competent top-class professionals, but also people who are prepared to show initiative to benefit the state and who are capable of thinking for themselves, and for others, and for the country as a whole."

I fully subscribe to this view. We should search and be bold! Such is the logic of the current changes taking place in our country. Only collective creation and only initiative-based work are needed. From all of us, from everyone, and notably from production managers the Party expects—and demands—concrete decisions and practical actions.

Of course, perestroika is a painful process. It involves inevitable wastes, which must be overcome. How can we carry out a scientific and technological revolution if nobody is to be offended? Unfortunately, in our life the logic one frequently encounters is: if you can do something, do it, only leave me alone. Economic managers—at all levels—are in no hurry to join in perestroika. Because they can live a more calm life, untroubled by complications, without restructuring. The old, the tested, the known, even if it is bad

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*A rigid control system has been introduced to check the products manufactured in the departments. For instance, a special stand on aerostatic supports for control of a revolving spindle has been evolved and made operational. To certify machining centres, use is made of a superaccurate device—a laser interferometer, control of one machine-tool with the aid of this device taking, on average, eight hours. The associated products which come from allied supplier are also rigidly controlled, in particular, electric drives, hydraulic systems, and bearings. In turn, all Ivanovo numerical programmed control machine-tools and machining centres are stocked with tools with an eye to the fullest possible use of the machine-tool potential by the customer. For instance, the set for the IS500PMF4 and IS800PMF4 machine-tools including tools bearing 71 names. The photos show tools prepared for operation (or in operation)*

and outdated, is better because it is encouraged by the ministry. The economic manager is not always understood and supported in his own region and his own city.

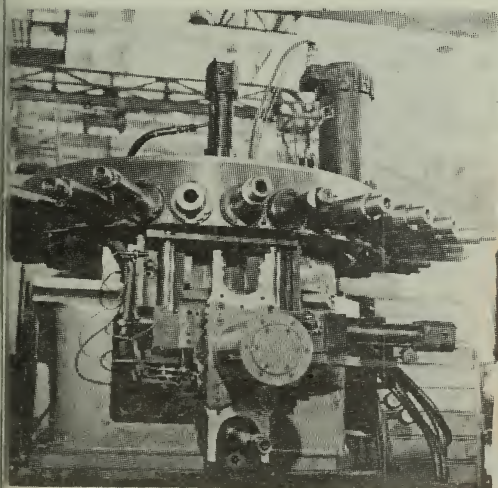
I will recall the years when we really worked—and frequently continue to work—at our own risk. In the 1970-1975 period we replaced 60 per cent of our products by more modern ones. In the next five-year plan period (1976-1980) we renewed 65 per cent. We fully renewed our products practically every five years. This index will reach 81 per cent this year and 92 per cent next year. Such is the main result of our collective creation. Regrettably, not so many machine-building collectives have approached such indices. It is sad that the experience of our collective has not become an example for other machine-building plants, the ministry, and our city.

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It is a strange situation. Especially since our press constantly writes about increasing the role of the local Soviets and the major rights granted to them, which are by no means used to the full. What do you think of the relations between the

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## Industrial enterprise and the local Soviet of people's deputies?

I constantly hear a similar question from my Ivanovo people: who is the master in our city? Who is responsible for the organization of its social life? Every regional centre has many masters: the regional Party committee and the regional executive committee, the city Party committee and the city executive committee, district Party committees and district executive committees\*. Our city had three districts. It was decided that Ivanovo was run poorly. A fourth district was set up. Was it run any better? What was changed in the city? More chiefs came to various offices—eight hundred to a thousand. That must have been the aim of the change. But nothing improved for the population.

The city needs one good and steady master—a Soviet of people's deputies. Not so long ago we proposed that the Soviets should be put on a self-financing basis. For instance, that the enterprises should transfer fifty per cent of their profits to the state budget. One half could go to the region, the other to the central needs. But it is a tentative figure. The exact one should be calculated. Then, first, it will be clearly seen who brings money to the budget, and how much. Then the Soviets will occupy their place. Then

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\* The executive committees are committees of Soviets of people's deputies.

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*The Ivanovo machine-tool makers are a close-knit multinational family of Soviet people. Most of them are Russians. Next to them work their friends and fellow-thinkers of 32 other nationalities, including Ukrainians, Byelorussians, Tartars, Georgians, Kazakhs, Lithuanians, and Jews.*

*In addition to basic wages and bonuses, irrespective of jobs and any other factors, all workers enjoy a variety of social benefits. Now the association's six-thousand-strong collective has:*

*— a dining-room with 500 seats (plus three branches with 230 more seats); at work from 500 to 600 people can enjoy good food, the price of two meals a day (breakfast and lunch) being only nine roubles a month, the rest being paid by the enterprise; the dining-room receives a subsidy from the enterprise (an annual 30,000 roubles)—specially for vegetables and fruit;*



we, who work in the region, will earn bread for Soviet power. I made this proposal addressing the 19th All-Union Party Conference. Moreover, I proposed launching this experiment in 1989 in Ivanovo—a city where the first Soviet in Russia was set up—and other volunteer cities.

In short, the city-enterprise relations, as I see it, should be based on cost accounting and self-financing. Municipal flowering cannot be expected merely because some links in the unbreakable chain of life have gone over to new mechanisms of management while others linger. Bodies of Soviet power should also go over to “winning their own bread”.



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### What is the situation now?

Like other Soviet enterprises, we transfer to the state budget 40 per cent of our profit. Symbolic crumbs are left to the local budget. To its urgent social needs—culture, the health services, education, and so on—the city receives money on a centralized basis from the state budget. And why not straight from us? In practice, the following thing happens: invested with high public authority, the chairman

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of the executive committee, more often than not regional, travels to Moscow and makes a round of offices with an outstretched hand.

It would be more democratic if enterprises begin to allocate money to the republican, union and local budgets. The city would have more in its purse the more was earned by its enterprises. It would be one way of increasing the city and regional budgets. Another way, of course, would be by saving.

No doubt painstaking calculation is necessary—a search for all possible variants of interaction between the plant collective and the municipal authorities on a contractual basis advantageous (there should be no fearing this word) to every individual. And why should we in the new conditions avoid the word “tax-payer” with all commitments and consequences following from its meaning?

“Low value is put on what comes easy and without efforts,” said our grandfathers. This is why, not feeling ashamed, but realizing the need to repay debts to the land, the rivers, the air and everything else he uses and lives by, man must pay. Because national wealth can be increased only by investing resources in the latest technical equipment, scientific achievements, roads, nature, sanatoriums, transport, personnel training, and so on. Then the local Soviets would find themselves having a great deal of really vital work to do, and the Party leaders would be more preoccupied with the political and moral education of people, and not with how to “improve” the production

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▶ — a polyclinic in which every department or unit has its own therapist and special rooms (surgical, etc.) fitted with the latest medical equipment; a number of departments have rest-rooms and saunas, the medical service is free;

— almost 1,000 vouchers for accommodation in sanatoriums and boarding-houses (fully or by 70 per cent free) annually;

— three child-care centres (plus another four set up jointly with other enterprises) attended by 1,000 children,

— a Young Pioneer camp on the Volga for 960 schoolchildren at a time (half of the vouchers are received by their parents free, the other half being paid for on a fifty per cent basis);

— two libraries—a scientific-and-technical library stocked with about 30,000 books and magazines and a fiction library stocked with almost 40,000 books;

— sports (football, hockey, motor racing, hang gliding, etc.) sections, a photography club, a driving club, a music and song club, etc.

accounts of the city and region. And, incidentally, the problem of dividing the spheres of Party and Soviet activity, which was acutely discussed both before and during the 19th Party Conference, given such an approach, would cease to be an issue. Everyone would attend to his business.



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**How do you think it is necessary to train workers, engineers and technicians for the machine-tool industry?**

Many plant collectives—I know this for a fact—are not satisfied with the quality of worker training. Youngsters come to us from a local vocational training school. A worker is trained there for three years following a standard programme, which includes, among other subjects, botany, astronomy, and German, but not real trade skills. Too little time is left for this exceedingly vital training. Why do we need workers who do not know how to approach a numerical programmed control tool and how to cut a thread? Perhaps it could be better to bring such schools under the full supervision of enterprises.

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Larisa Mazurina, the principal of our school, believes whole-heartedly in current perestroika and wants it to succeed as a whole and in its particulars, including at the level of the school she directs. She and I had long discussions, and eventually she decided to recarve the training programmes. Her idea is to produce in the three years of schooling a competent worker for whom, as for a good engineer, money should be charged! The plant has undertaken a commitment to pay its vocational training school.

Life has given pride of place to the quality—but not the quantity—of engineers and researchers. But science, as before, is assessed on the basis of the number of doctors, professors, and candidates. Honestly, like any Soviet citizen, I don't care one bit whether in the past year the number of researchers awarded academic degrees in the Ivanovo Region rose by 20 or by 50 per cent. But I find it interesting to learn what contribution to science and production they have made.

Recently, I sent to Moscow a refusal to take on this year's graduates. Not because now a thousand roubles will have to be paid for every specialist. We could pay even in the conditions of self-financing. But not for just anybody. On a free basis we took on college graduates, and not always then. Now we least of all need budding workers and engineers on a "weighted means" basis. Good ones should

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*The managers and trade union committee pay particular attention to dealing with pressing social and day-to-day problems. Among others, the following schemes have been planned for the future:*

— to obtain in 1988 approximately 200 flats for the association's workers (the enterprise's housing allocations for this year run into three million roubles); to have improved by 1990-1991 the housing conditions of all who now need it; to build a country settlement of 200 cottages in the next few years;

— to open a preventive sanatorium providing a hundred places (it is to be built in a forest) for rest and treatment all the year round. It is to cater for families, too;

— to build a new Young Pioneer camp; to expand the exchange of groups of children holidaying in the summer time with Bulgaria (the first group of Ivanovo schoolchildren has already been to the Black Sea shore of Bulgaria);

— to build jointly with Bulgaria a holiday centre for workers of the Ivanovo-Sofia association in the resort of Varna;

— to build a new child-care centre (a kindergarten and a nursery).

be paid for. We are prepared to pay five and even ten thousand roubles, but we refuse to offer work to a former mediocre student who has barely scraped through college, even if he is offered to us free.



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**How does the association reinforce its top-skill personnel?**

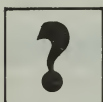
The Ivanovo Power Engineers' College has a group of students who want to work exclusively in our association. Of course, they become full-fledged specialists only doing real, difficult, creative work with us.

We have put our money on the younger generation. When I hear people grumble: "In our time young people ..." I know that it is a hallmark of spiritual senility. I loathe what I would call harmful polemics as to whether a design engineer's work has lost its prestige. In our plant the younger generation develops fast, striving for work which enables them to test their abilities. The average age of our

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design engineers is 32. At 28 such an engineer can design a laser machine-tool never seen in our country before. What motivates such a man? The idea! Precisely the idea!



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**Why do people work without sparing their strength, ignoring the question of their earnings? And another question: do you have a large personnel turn-over?**

It is practically nil among the design engineers, 1.6 per cent among the engineers and technicians in general, and 4.4 per cent in the plant as a whole.

We employ about six hundred design engineers and three hundred electronic engineers. In terms of the quantity and quality of the latter's training, it is about a half of the personnel of our whole machine-tool industry.

I take pride in the association's engineering personnel. Even in the toughest time, when our plant was among the backward, but we worked terribly hard to create new equipment, none of us asked himself whether the work of an engineer, including a design engineer, or a machine operator, was prestigious. A cash bonus is not the most powerful factor. Although it would be naive to belittle the significance of material incentives, it would also be misguided to reduce all human interest to the rouble.

People have taken jobs and remained with us because of

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*Improvements in industrial associations and plants have been maintaining full cost accounting and self-financing since 1987. The fulfillment of the marketing plan (with an eye to contractual commitments) in their enterprises has reached 99.2 per cent, accounting for the company's overall index. These enterprises which have adopted self-financing have been using their labour resources more rationally, ensuring an increase in their labour productivity with other workers.*

*Social orientation is one of the typical features of the current reformation in machine building. In 1986-1987, for instance, the average annual housing space offered to this industry's workers rose (compared to the previous five years) by 9.3 per cent, the number of newly built general suburbs by 20 per cent, of vocational training schools by 47 per cent, of polytechnics by 34 per cent, and of clubs and houses of culture by 24 per cent. In 1987 the growth rates of the allocations to machine building's social sphere were twice as high as those of capital investment in this industry.*

interest in the work and the possibility to create, think, propose, and carry out. The creative process absorbs the creator wholly. This attracts to us budding specialists from balmy southern areas, and bigger and better-organized cities. This motivates people to exchange Moscow flats for Ivanovo ones.



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**What do you think of work in the conditions of self-financing? What is shown by the experience of machine-tool makers?**

I will explain my conception of cost accounting and self-financing. Many idle conversations can be heard about whether cost accounting has been started too early. It is suggested that we should have made appropriate preparations, completing the current five-year plan period as planned, and only then have taken up new schemes. I disagree with this view. We could no longer live as we did, wasting the national wealth. How could we temporize, lose time, and continue to lag behind?! It was incredible and irrational. What is more, I am positive that we should have begun earlier.

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Incidentally, I would hate my critical observations to be taken as a manifestation of pessimism. Simply our country has conceived a major scheme, and its adepts would very much like this scheme to work. Self-financing, to which all enterprises went over in 1988, should not remain a frozen system once and for all. It should develop and be renewed. New content should not be cloaked in an old form.

If we are to succeed we should more vigorously attack universal egalitarianism, averaging and all "improvements" of amendments to economic laws. In our labour collectives we have been intensively propagandizing the just socialist principle saying: one should receive what one has earned. Recently, I have visited the State Planning Committee to find out on what grounds the rates of deductions from our profits to the plant funds are deliberately reduced. The answer I received was that we are rich enough as it is, having money in our current account since last year while others have nothing in their accounts. So what?! We do not receive our money for nothing. We must have reserves. After all, our life is made increasingly complicated by restructuring production. Why others make poor earnings or none at all should be found out and planning errors should be rectified. If a collective refuses to work or its manager fails to cope with his functions, let them go bankrupt. They deserve it.

It is the economic logic of life, the logic of our perestroika. There is no worse corruption of society than countrywide connivance with oblomovism\* under the cover of state and popular interests. Some people find it convenient, others even advantageous. In the name of what? Who is responsible for this? Let us announce their names and surnames. Perhaps they cannot stand the strain of perestroika? It must all be sorted out. We cannot believe that now that we have laid down the main directions of development and adopted good basic decisions on all lines of perestroika that we can take it easy. No. Now that we have brought our decisions to the practical level, now that

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\* Oblomov is the eponymous hero of the famous novel by the Russian writer Ivan Goncharov (1812-1891). The main traits of this character are a lack of willpower, apathy, and indolence. Hence, oblomovism stands for an inability to act vigorously.



we must draw into perestroika millions of minds, we should develop still greater acceleration!



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**You were a member of the delegation of the Ivanovo Region to the 19th All-Union CPSU Conference in Moscow. What are your most vivid impressions of this meeting?**

The All-Union Party Conference requires a special discussion. Not wishing to reduce it to a brief answer, I will only say that the conference has lived up to my expectations. Its delegates made acute, bold, and substantiated statements about the destiny of perestroika. Among others, they raised questions of particular relevance to us, machine-tool makers: control of scientific and technological progress, a sharp rise in the level of machine-building, and bringing out talented young people. I also liked how heatedly delegates discussed social problems, for instance, interaction between the local Soviets of people's deputies and the councils of labour collectives, and the strengthening of legality in all spheres of state, economic, and social life of our socialist society. Now I think all delegates should support the decisions of the 19th All-Union Party Conference with words and deeds.

**Владимир Павлович Кабаидзе**

**«ПЕРЕМНЫ В СТАНКОСТРОЕНИИ НАЧАЛИСЬ С НАС»**

Серия «Авторитетное мнение»

*на английском языке*

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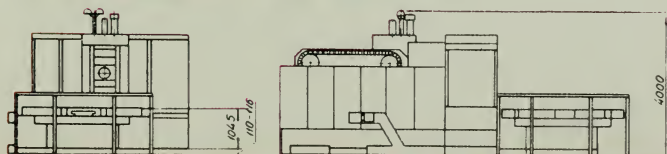
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**Expert Opinion**

The Ivanovo-Sofia International Machine-tool Production Association has many customers both in the Soviet Union and abroad, and it successfully competes with 60 rival firms. Among the first-class machines produced by the association, the lion's share is formed by numerical programmed control machine-tools and machining centres. These multi-operational machines increase labour productivity three- to eight-fold.

# IS 500 PMF 4

# IS 800 PMF 4



# VLADIMIR KABAIDZE

Born in the Caucasian city of Ordzhonikidze in 1924. Georgian by nationality. Member of the CPSU since 1948. Began his career in 1941, then entered a military school. Upon graduation, helped defend his Homeland as an infantry platoon commander. In 1952 graduated from the Moscow College for Machine-tool and Instrument Engineers and took a job as a design engineer in the Ryazan Machine-tool Plant, where he rose to the position of chief engineer. In 1970 was appointed manager of the Ivanovo Boring Machine Plant, which has now expanded into the Ivanovo-Sofia Research and Production Association. A major contribution to the development of the machine-tool industry earned him the State Prize in 1983 and the title of Hero of Socialist Labour in 1985. Member of the Ivanovo Regional CPSU Committee and deputy to the Ivanovo City Soviet of People's Deputies.

