

higher prices for paper provided only a small increase in revenue. That is clearly not enough to finance a radical restructuring of the entire industry.

Where are the funds for capital investment and increased production to be obtained, then? Let us look at possible answers.

The single scale which is presently applied throughout the industry for currency allocations to the firms exporting paper products is serving to stimulate export trade on the whole. However, it cannot influence the pattern of these exports. Soviet trade with the capitalist countries is dominated by roundwood and lumber. The percentage of fully processed wood products, above all, pulp-and-paper products, in the total volume of exports is quite low. Under these conditions the uniform scale is not merely ineffective: it actually serves as a brake on improvements to the pattern of Soviet timber exports.

In order that the firms manufacturing paper and paperboard will become self-supporting in currency, the scale of payments must be raised to a level which will be high enough to ensure an expanded output. For paper and paperboard exports earning hard currency, the level should be not less than 100% of the earnings. For cellulose and wood pulp it should be 50%. In addition, the tax on the earnings from paper and paperboard exports to be paid into the central reserves of the USSR Ministry of the Timber Industry should be eliminated. (Central reserves should consist primarily of taxes on earnings from the export of unprocessed or very low-grade processed goods.)