

L.P: Is there any kind of programme to do away with unprofitable ventures?

L.G.K: The main losses incurred at the Dmitrievskiy plant amount to 120,000 roubles from the auxiliary farm (the cost price per kilogramme of meat is 12 roubles). We are solving the fodder problem there. We are getting ready to shift operations at the farm over to the family contract system. The Borovlyanskiy plant is suffering losses because of the overhead travelling cranes. The forestry sector needs these cranes but only in small amounts - approximately 120 per year. This is why losses outweigh gains. This year, however, there should be no losses incurred since they will be compensated for by profits in other areas.

Nevertheless, our profitability level is still less than ten percent and this means that our funds are still not great. The most troubling area is in the provision of social and cultural facilities and in the service sector. The construction of the kindergarten in the Dmitriev-L'gov plant had to be put on ice since the plans for a swimming pool and a winter garden area were too grandiose for our means. The worst problems, however, is housing. We would probably have to allocate some of the funds for the development of production into this area but even this wouldn't solve the problem completely.... There are a lot of complications connected with the introductory phase of the new system: the industry as a whole still hasn't changed to the profit-and-loss accounting system and still thinks in other categories... But we hope this is a transitional stage. One thing that worries us is formulating our production plans. What can we do if we have to put in our orders for material and technical supplies in March but the agroindustrial complex only sends us its orders for machinery in May (this department accounts for more than one quarter of our production)? All these things have yet to be worked out.