

*Table of Contents*

**Volume 2**

**PART IV. — Systemic Policies**

<b>Chapter IV.1 — Price Reform</b> .....	1
1. Introduction .....	1
2. The present system .....	2
3. The options for price reform .....	5
Tables to Chapter IV.1 .....	14
<b>Chapter IV.2 — Enterprise Reform</b> .....	15
1. Introduction .....	15
2. Current status and trends .....	15
3. The commercialization and privatization of enterprises .....	18
4. Industrial restructuring and demonopolization .....	28
5. The management of state-owned enterprises .....	31
6. The training of enterprise managers .....	33
Tables to Chapter IV.2 .....	36
<b>Chapter IV.3 — External Trade Reform</b> .....	41
1. Introduction .....	41
2. Features of the trade regime and recent reforms .....	42
3. Reform issues .....	51
4. Summary and conclusions .....	64
Tables to Chapter IV.3 .....	69
<b>Chapter IV.4 — Foreign Direct Investment</b> .....	75
1. Introduction .....	75
2. The experience with joint ventures .....	76
3. The regulatory setting .....	84
4. Summary and recommendations .....	93
Tables to Chapter IV.4 .....	102
<b>Chapter IV.5 — Financial Sector Reform</b> .....	107
1. The banking system .....	107
2. The development of securities markets and contractual savings institutions .....	127
Tables to Chapter IV.5 .....	136

<b>Chapter IV.6 — Labor Market, Social Safety Net, Education and Training</b> .....	137
1. Introduction .....	137
2. The labor market .....	138
3. Incomes and living standards .....	149
4. Policies to facilitate the transition process .....	159
Tables to Chapter IV.6 .....	196
Charts to Chapter IV.6 .....	215
<b>Appendix IV.6-1 — Experience with Incomes Policies in Selected Countries</b> .....	219
<b>Chapter IV.7 — Legal Reform</b> .....	225
1. Introduction .....	225
2. State authority and the legal regulation of the economy .....	225
3. Legal foundations for market exchanges .....	240
4. Regulation of the business sector .....	260
5. Selected sectoral and specific issues .....	285
6. Summary .....	294

### List of Tables

<b>Chapter IV.1</b>	
IV.1.1. Relative Prices of Goods on Domestic and World Markets, 1988 ..	14
IV.1.2. Subsidization of Selected Food Products, 1986 .....	14
<b>Chapter IV.2</b>	
IV.2.1. Number of Industrial Enterprises by Sector, 1970-87 .....	36
IV.2.2. Average Size of Industrial Enterprises, 1970-87 .....	36
IV.2.3. Size Distribution of Industrial Enterprises as of January 1, 1988 ...	37
IV.2.4. Size Distribution of Employment in Industrial Enterprises, Selected Sectors, 1987 .....	37
IV.2.5. Distribution of Industrial Enterprises: Selected Sectors, 1987 .....	38
IV.2.6. Distribution of Industrial Product Groups by Output Share of Largest Producer, 1988 .....	39
IV.2.7. Concentration of Deliveries to State Supply Agency by Product Group, 1988 .....	39
IV.2.8. Share of Largest Producers in Output of Selected Products, 1988 ..	40
<b>Chapter IV.3</b>	
IV.3.1. Basic Indicators for Soviet Foreign Trade, 1985-89 .....	69
IV.3.2. Commodity Structure of Exports, 1980-89 .....	70
IV.3.3. Commodity Structure of Imports, 1980-89 .....	71
IV.3.4. Proportion of Production Exported by Selected Sectors, 1985 and 1989 .....	72
IV.3.5. Import Share of Soviet Domestic Consumption of Selected Products, 1985 and 1989 .....	73

## List of Tables (Continued)

### Chapter IV.4

IV.4.1. Joint Ventures and Initial Capital, 1987-90 .....	102
IV.4.2. Distribution of Operating Joint Ventures by Size, 1990 .....	102
IV.4.3. Distribution of Joint Ventures by Size of Initial Capital, 1990 ....	102
IV.4.4. Distribution of Operating Joint Ventures by Area of Economic Activity, 1990 .....	103
IV.4.5. Distribution of Registered Joint Ventures by Area of Economic Activity, 1990 .....	103
IV.4.6. Distribution of Registered Joint Ventures by Country of Foreign Partner, 1990 .....	104
IV.4.7. Distribution of Registered Joint Ventures by Location, 1990 .....	104
IV.4.8. Wage Rates for Employees in Joint Ventures, 1990 .....	105

### Chapter IV.5

IV.5.1. Overview of Banking System .....	136
IV.5.2. Aggregate Balance Sheet of Commercial and Cooperative Banks, End-June 1990 .....	136

### Chapter IV.6

IV.6.1. Labor Force Growth in International Perspective, 1980-89 .....	196
IV.6.2. Employment by Sector in International Perspective, 1988 .....	196
IV.6.3. Growth in Total and Working-Age Population by Republic, 1979-89 .....	197
IV.6.4. Employment Shares by Republic, 1989 .....	198
IV.6.5. Job Separations According to Cause, 1988-89 .....	199
IV.6.6. Estimates of Job Displacement and Unemployment in the Transition to a Market Economy, 1991 .....	199
IV.6.7. Unemployment Scenarios .....	200
IV.6.8. Relation Between Earnings of Salaried Workers and Wage Earners, 1955-88 .....	200
IV.6.9. Monthly Wages by Industry, First Half 1990 .....	201
IV.6.10. Monthly Wages by Republic and Branch, 1987 .....	201
IV.6.11. Cooperatives — Employment and Average Wages, January-June 1990 .....	202
IV.6.12. Expenditures from Social Consumption Fund and Direct Subsidies, 1988-89 .....	202
IV.6.13. Measures of Income Inequality, China and USSR .....	203
IV.6.14. Republican Income Distribution and Poverty Levels, 1989 .....	203
IV.6.15. Distribution of Annual Per-Capita Consumption of Major Food Items Ranked by Households According to Monthly Per Capita Income, by Republic, 1989 .....	204
IV.6.16. Regional and Household Specific Price Variations .....	207
IV.6.17. Life Expectancy and Infant Mortality in the USSR and Selected Countries, 1982-86 .....	210
IV.6.18. Total Pension Expenditures .....	211

### List of Tables (Continued)

IV.6.19. Average Pensions .....	211
IV.6.20. Distribution of Pensions, 1987 .....	211
IV.6.21. Persons Above Retirement Age in the 1979 and 1989 Censuses ..	212
IV.6.22. Estimates of Wage Funds, Employment and Persons in Need of Help by Republic, 1991 .....	212
IV.6.23. Official Projections for the Employment Fund, 1991 .....	213
IV.6.24. Persons with Secondary and Higher Education, 1970-89 .....	213
IV.6.25. Transition from "Incomplete Secondary Education", 1970-89 ....	214
IV.6.26. Transition from "Complete Secondary Education", 1970-89 .....	214

### List of Charts

#### Chapter IV.6

1. Trends in Working Age Population and Working Force, 1959-89 .....	215
2. Standardized Labor Force Participation Rates, 1988 .....	216
3. Separation Rate in Manufacturing .....	217
4. Number of Students Involved in Education, Training and Retraining ....	218