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RUSS - RUSSIAN BUSINESS SUCCESS LIMITED

113 NEW YORK, FEBRUARY 5, 1970 (RFE) -- FRANK STARR WRITES IN WEDNESDAY
1970 CHICAGO TRIBUNE FROM:

MOSCOW FEB 3 - GERSH BUDKER COULD BE MAKING MILLIONS OF DOLLARS FOR THE SOVIET UNION - BUT HE IS NOT.

BUDKER IS ONE OF RUSSIA'S TOP NUCLEAR PHYSICISTS, AND HE BUILT A MULTIMILLION RUBLE MANUFACTURING BUSINESS WITH A MACHINE HE CANNOT MARKET, ADVERTISE, OR SERVICE EXCEPT AT HOME.

"WE CANNOT COMPETE", HE SAID, "OUR SYSTEM IS NOT FIT FOR IT."

THE RESULT IS THAT THESE FUNCTIONS ALONG WITH THE INDUSTRIAL ADAPTATIONS OF THE MACHINE WILL BE PERFORMED ABROAD BY A WESTERN FIRM WHICH WILL SHARE THE PROFITS.

BUDKER'S STORY ILLUSTRATES THE IMMOBILITY THAT KEEPS THE SOVIET INDUSTRIAL GOODS UNCOMPETITIVE ON THE WORLD MARKET AND TECHNOLOGICALLY OUT-OF-DATE AT HOME.

TO PROP A SAGGING ECONOMY THE RUSSIANS BADLY NEED QUALITY CONSUMER GOODS, INDUSTRIAL EQUIPMENT, AND TECHNOLOGY IMPORTED FROM ABROAD. SUCH IMPORTS ARE CONSIDERED IMPOSSIBLE, APART FROM IDEOLOGICAL CONSIDERATIONS, BECAUSE OF THE CONVERTIBLE CURRENCIES NEEDED TO PAY FOR THEM.

SOVIET FOREIGN TRADE WITH HIGHLY DEVELOPED WESTERN COUNTRIES IS LARGELY LIMITED TO BARTER AGREEMENTS WHEREBY THE RUSSIANS IMPORT INDUSTRIAL GOODS FOR RAW MATERIALS, GAS, OIL, IRON ORE, AND TIMBER.

IT IS DIFFICULT FOR MANY WESTERNERS TO BELIEVE THE COMMERCIAL BACKWARDNESS OF THE COUNTRY WHICH PUT THE FIRST MAN IN SPACE AND DEVELOPED A MAJOR ARSENAL OF ATOMIC MISSILES.

BUDKER'S INNOVATION IS THE KIND THAT, IN THE UNITED STATES, MIGHT HAVE BEEN DEVELOPED IN A SMALL COMPANY WHICH WOULD HAVE ATTRACTED INVESTORS AND GROWN INTO, OR HAVE BEEN TAKEN OVER BY, A LARGE ONE.

HIS RAPID EXPLOITATION OF IT INTO A GOING MANUFACTURING ENTERPRISE WOULD BRING ADMIRATION OF HIS AMERICAN COUNTERPARTS. HOWEVER, HIS ENTERPRISE IS HIGHLY EXCEPTIONAL IN THE SOVIET UNION AND IS NOT FOUND FOR PROMINENCE IN WORLD BUSINESS.

BUDKER IS HEAD OF THE NUCLEAR PHYSICS INSTITUTE IN RUSSIA'S ELITE AND EXPERIMENTALLY AUTONOMOUS SCIENTIFIC CITY IN NOVOSIBIRSK, WESTERN SIBERIA.

HE IS THE DEVELOPER OF A HIGHLY EFFICIENT PROTON-ANTI-PROTON NUCLEAR ACCELERATOR. IT HAS INDUSTRIAL APPLICATIONS SUCH AS PRODUCTION OF HEAT-RESISTANT POLYETHYLENE CABLE THRU IRRADIATION, AND MEDICAL APPLICATIONS INCLUDING CANCER RESEARCH.

HE TOOK ADVANTAGE OF THE UNUSUAL AUTHORITY AFFORDED HIM AT NOVOSIBIRSK AND DECIDED TO BUILD SOME OF THE ACCELERATORS IN THE INSTITUTE'S MACHINE SHOP AND SELL THEM.

BEFORE THIS DECISION, THE INSTITUTE EARNED 50,000 RUBLES A YEAR, LARGELY THRU INDUSTRIAL CONSULTATION, AND RECEIVED THE REST OF ITS SUPPORT FROM THE SOVIET GOVERNMENT. A RUBLE AT THE ARBITRARY SOVIET RATE IS \$1.10.

"IN THE FIRST YEAR WE EARNED 500,000 RUBLES, IN THE SECOND YEAR 3 MILLION, THE NEXT YEAR 4 MILLION, AND NOW WE EARN TWICE THAT MUCH - MORE THAN WE GET FROM THE GOVERNMENT," BUDKER SAID.

IN FOUR YEARS SALES WERE DOING WELL IN THE SOVIET UNION, AND TWO MACHINES HAD BEEN SOLD WITHIN THE COMMUNIST ECONOMIC BLOC, BUT NONE HAD BEEN SOLD FOR CONVERTIBLE CURRENCIES "IN WHICH WE ARE VERY MUCH INTERESTED", BUDKER SAID.

"WE WOULD BE VERY INTERESTED TO SELL NOT LICENSES ABROAD BUT FINISHED MACHINES", HE SAID. "BUT WE CANNOT MASTER PUBLICITY AND TRADE, WE CANNOT FIGHT WITH COMPETITORS - OUR SYSTEM IS NOT FIT FOR IT. WE CANNOT PROVIDE THE NECESSARY SERVICE, ON-THE-SPOT REPAIRS AND MAINTENANCE", HE SAID.

THE CREATION OF AN EFFECTIVE SALES AND SERVICE ORGANIZATION PERMITTED TO WORK EXTENSIVELY IN WESTERN COUNTRIES AND SERVE A LARGE NUMBER OF CUSTOMERS WOULD REQUIRE FLEXIBILITY AND INDIVIDUAL AUTHORITY WHICH IS NOT ENCOURAGED HERE.

BUDKER SAID EVEN WITH A NEW FACTORY BEING BUILT HE "WOULD NOT WANT TO BE ENGAGED IN BRINGING A MACHINE TO THE ACCEPTED INTERNATIONAL STANDARD OF APPEARANCE" AND ADAPTING IT FOR ITS VARIOUS APPLICATIONS.

ALTERNATIVELY, BUDKER HAS PROPOSED TO BUILD THE BASIC ACCELERATOR AND TURN IT OVER TO A WESTERN FIRM WHICH WOULD INCORPORATE IT INTO SPECIAL UNITS FOR MEDICAL OR SPECIFIC INDUSTRIAL APPLICATIONS AND PROVIDE MARKETING ADVERTISING, AND SERVICING.

THE WEST GERMAN SIEMENS FIRM AND THE BRITISH VICKERS WERE THE LEADING CANDIDATES SEVERAL MONTHS AGO. BUDKER SAID VICKERS HAD PROPOSED A YEAR'S TESTING. AFTER WHICH, IF THE MACHINE PASSED, THE FIRM WOULD GUARANTEE A BROAD MARKET. THE JAPANESE HAD SHOWN INTEREST, BUT THERE HAD BEEN NO INTEREST FROM AMERICANS, HE SAID.