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BULGARIA

Finnish Paper Describes Zhivkov Ouster

90EB0147A Helsinki HELSINGIN SANOMAT
in Finnish 3 Dec 89 p A24

[Article by Vesa Santavuori, who, with photographer Kari Soinio, visited Bulgaria in mid-November: "Bulgaria Trying To Introduce Reforms Slowly; National Mourning in Ousted Leader's Home District, Cautious Waiting Elsewhere"]

[Text] National mourning reigns in the opulently built small town of Pravetz in Bulgaria. The town's native son and great protector, Todor Zhivkov, the leader of Bulgaria for many years, has been ousted from power.

The mourning is so great that it is even exaggerated. "I'm ashamed that I was born here. Much too much money was sunk into this place," a young man by the name of Mitko Marinov lamented on the square in downtown Pravetz.

The square was fairly clean. "It was completely renovated about three years ago," HELSINGIN SANOMAT was told. A white, hotellike building that was more elegantly built than usual ostentatiously sits on the shore of a nearby lake.

There are also large numbers of imported computers in the district, considered to be a gift from Zhivkov to his home district.

Cautious Waiting

The change in leaders is a really hard blow to the local residents, a Bulgarian who lives in Sofia assured us. He felt that Pravetz' fat years are over and that the local people do not right now willingly speak of politics.

The same cautious attitude toward foreigners asking questions is evident elsewhere in Bulgaria.

On our way heading east from Sofia, near the town of Koprivstitsa, Ivan Alexandrov Nenov was keeping watch over a large herd of sheep in a heavy snowstorm.

When we asked Ivan what he thought of the political changes in Sofia, he replied dryly: "I'm interested in my sheep."

Adroit Exchange of Power

To prove his point, he tore off after a bleating sheep and knocked it onto the grass on its flank with his shepherd's crook. The twisting motion of the hook-ended wooden staff applied to the animal's hind legs was just like a jujitsu technique. That is how easily he brought the sheep down.

Perhaps there was something symbolic of all of Bulgaria in this. The exchange of power from old Todor Zhivkov to today's Peter Mladenov was also handled adroitly and came as a surprise on 10 November.

It is claimed that Mladenov went to Moscow first for reassurance. After that, a Central Committee session was held in Sofia at which Mladenov, proclaimed as a reform-minded individual, was appointed the new party leader. Zhivkov was consigned to a "well-earned rest" after a term in power that had lasted for 35 years.

According to the rumors, Zhivkov knew about the impending "takeover," which is why he sent his security troops to the airport to receive Mladenov.

However, Bulgarian Army soldiers who supported Mladenov got there before them and picked up Mladenov directly at the airport with his own car, it was stated to HELSINGIN SANOMAT about a week after the event.

Previous Attempt

It is difficult to judge how much of the story is true. There is, nevertheless, a certain amount of truth in it.

In 1965 Zhivkov foiled a takeover attempt in which Army officers were involved. One of them committed suicide, a few were tried, and from 200 to 300 others were quietly assigned tasks requiring less responsibility. Their rancor has been smoldering right up to the present.

It also appears that, right after coming to power, Mladenov disbanded Zhivkov's "bodyguard" and strengthened the status of the police and the military loyal to himself.

Official communiques on the situation were issued just a few days ago, at the same time it was officially announced that Mladenov was going to Moscow in early December—apparently to report on the situation.

It was also announced in Sofia that laws were being drafted that would permit freedom of assembly and speech.

Sources close to the government furthermore assured us that there will be really major reforms by next fall. But the question is: Will these changes be major ones in the opinion of citizens as well?

Goal Is Peaceful Change

Everything points to the fact that Bulgaria is seeking a peaceful transition from domination by a single party to a more open society under Mladenov's leadership.

They want to relieve the pressure at a slow pace so that unrest will be avoided. They are particularly aiming at preventing widespread purges and political revenge, although flagrant abuses will probably have to be punished.

"It's hard to guess how the people feel about it here," an experienced Western observer explained the situation in Sofia. According to him, the relative "incidence" of murder, for example, is among the highest in the world in Bulgaria. So, "improvement will come slowly," he thought.

Hungarian Paper Interviews Zhelev

90EB0181A Budapest NEPSZABADSAG in Hungarian
3 Jan 90 p 8

[Interview with Bulgarian Opposition Leader Zhelyu Zhelev, by Karoly Nagy, in Sofia, January 1990: "National Dialogue for Democracy: Election Law and Influenza"]

[Text] Zhelyu Zhelev is of medium stature and has graying curly hair. He will turn 55 in March. His facial features reflect attentiveness and friendship, but attentiveness appears to be more pronounced. His responses are simple: For him it came as natural to disclose in a scientific study that Lenin's definition of material was erroneous. He did so in the course of his candidacy in the field of dialectic materialism at Sofia University. Needless to say he was instantly excluded from the party and had to leave Sofia. He joined the party in the first place because otherwise he could not have become an "aspirant" in the "ideology department." He should be grateful for having gotten away with only that much. In his wife's native village of Grozden he completed his book entitled "Fascism." The book is about the history of German fascism, but every totalitarian regime was able to recognize itself in it. The book was instantly banned and those "guilty" of having published it were removed from their jobs.

Zhelev is the chairman of the Bulgarian Alliance of Democratic Forces today. A holder of a Ph.D., he is the best known opposition leader, even in the eyes of those in power. The great leap taken by events in Bulgaria can be seen in the fact that when I called him a month ago at around 0800 hours to ask for his opinion regarding some event (Zhivkov being relieved of his duties, the official condemnation of "extremism," etc.), his wife thanked me for my interest. Today I had difficulty in reaching him. The constant busy signal on the telephone left no doubt: The receiver must have been taken off the hook. The explanation for the great interest: The Alliance headed by Zhelev includes eight independent organizations and three parties that have either been reorganized or newly formed.

[NEPSZABADSAG] How strong is your Alliance?

[Zhelev] For the time being we can judge this only on the basis of indirect data. The rallies we organized in Sofia and in cities in the countryside reveal a lot. Tens of thousands of people stayed together for three and a half hours in the freezing cold. An ad hoc sociological assessment was made at the most recent rallies. As it turned out, 17.3 percent of the persons asked expressed support for the Bulgarian Communist Party, while 17.9 percent were for the Alliance of Democratic Forces. I believe that time is on our side. Certain events are fomenting in the country which may go out of control because of the government's complacency and do-nothing attitude.

[NEPSZABADSAG] Are you thinking of the clash between the protesting opposition and the police?

[Zhelev] No, that's not what I have in mind. These protesters were accused of being extremists, but they will never give cause for violent action by the authorities. On the other hand, we are very much disturbed by the threat of an ethnic "explosion," and for this reason we believe that prompt action is needed. In our preliminary, unofficial talks with representatives of the power structure we tried to make them understand that in regard to the Turkish issue some very courageous and very quick action is needed. A condemnation of the entire Zhivkov regime by the leadership is needed, as well as a recognition that Zhivkov's policies constitute criminal acts.

[NEPSZABADSAG] The press has very little to say about these "preliminary talks." What actually happened?

[Zhelev] We had a few unofficial meetings with Andrei Lukanov, and with a few other representatives of the power structure. Lukanov is a member of the Politburo and is the secretary of the Central Committee [CC]. The atmosphere of these meetings was favorable, there appeared to be understanding on both sides. We expressed our positions on the issues very pointedly. Despite this fact they agreed with us. And this also applies to what we said about the Turkish issue. They acted too late. And this delay is dangerous because people were waiting to have their names reinstated. As a result of the ongoing democratization processes things could have reached the stage of a Turkish and Bulgarian-Moslem insurrection. This in turn would constitute such a grave burden, it could heighten hostilities between Bulgarians and the ethnic Turks to such an extent that the entire democratization process would become paralyzed. The ethnic conflict could result in total paralysis.

[NEPSZABADSAG] Returning to the unofficial negotiations between those in power and the opposition: What is the present situation?

[Zhelev] At our last meeting we proposed that the time had come to begin official negotiations between the Alliance of Democratic Forces and the government. We suggested that we discuss the substance, that we address the merits of the issues in a responsible manner. Conducting dialogue was consistent with the policies of the Bulgarian Communist Party, according to their response, thus the requested roundtable negotiations were to begin during the week of 18 December. We issued a press release to this effect. In response Lukanov issued a statement in the 19 December issue of RABOT-NICHESKO DELO, saying that they are in favor of keeping in touch and that they intend to continue keeping in touch. On the other hand, nothing was said about a roundtable. We reacted on the same day by way of a special announcement. In it we stated that in the future we will no longer agree to unofficial noncommittal discussions, and that we insist on holding roundtable negotiations. Discussions between the Alliance of Democratic Forces and representatives of the government must be based on equality. Further, we stated that these negotiations must take place in the open, and the public

must know who represents the various sides, what subjects are discussed, and what positions are taken. In the end we specifically stated that we should agree upon rules of procedure in the course of our first meeting.

[NEPSZABADSAG] In your statement you indicate that Andrei Lukanov made it clear that any dialogue must be based on the recognition of socialism. What does this mean in your view?

[Zhelev] Look, what Lukanov wants is for all dialogue to include all social organizations. The independent associations are at the bottom of his list. But one must wonder what kind of dialogue there can be between the party and the Patriotic Front, the party and the Komsomol, and the government and the Komsomol. This is foolish. All these organizations belong to the party and the government. We endeavor to hold realistic negotiations, between the opposition and those in power. We have something to say, we have something to demand.

[NEPSZABADSAG] The legislative proposal concerning social associations and movements publicized the other day has nothing to say about parties. More accurately: At the end of the report there is a notation which calls attention specifically to the fact that the proposal does not pertain to parties. How could the term "democratic elections" be construed under such circumstances?

[Zhelev] In general, we do not approve of these legislative proposals. In our view these legislative proposals are even more restrictive than the present constitution, they contain many reactionary elements. If this one becomes law, it establishes conditions on the basis of which the executive power may implement the greatest variety of restrictive actions. It may pressure independent organizations and may impede their activities. The legislative proposal concerning assembly states, for example, that gatherings may be prohibited in times of influenza epidemics.... These things are very transparent, and there are quite a few of them. Equally, we do not regard it as normal that no mention is made of parties. Personally, I feel that it would be better not to have these laws, and to conduct our activities based on the constitution.

[NEPSZABADSAG] What plans does the Bulgarian Alliance of Democratic Forces have concerning elections?

[Zhelev] We would like to hold elections sometime in November, just like the Mladenov group. One has to prepare for elections. For the time being we are developing our structures in the countryside. This is one thing. The other matter is that the countryside is just beginning to awaken. In some places Zhivkovism is still untouched.

[NEPSZABADSAG] With reference to what Lukanov had to say: Could the social system you perceive be called socialism? Considering the fact that a final reckoning has been made with stalinism, it is apparent that the perceived system is something that is beyond stalinism.

[Zhelev] Look, socialism as a social system does not exist, there is no such thing, we don't find it anywhere.

We do not regard it as something different from capitalism, something that constitutes a more developed method of production, the way marxism teaches that. What we call socialism is state capitalism, i.e. a variation on capitalism. Nowhere has a production method that is different from capitalism evolved, and one cannot invent or establish a system like that on the basis of votes. It must evolve somewhere. And it most certainly will evolve in the most highly developed countries, such as in the United States, Japan, or Western Europe. Not in our countries. For this reason we are viewing this entire transformation as a transition from state controlled, totalitarian, antidemocratic capitalism to a pluralistic, democratic capitalism. Unfortunately, there is not much more we can do for the time being; history does not permit us to do so.

[NEPSZABADSAG] Do you have something like the Swedish system in mind?

[Zhelev] That is correct. On the basis of developed and democratic capitalism it is possible to develop a high standard and comprehensive social policy in the name of greater social justice, protective of the poor. Only in this sense may we talk about socialism. But this is not a new social system, it is simply the strong and efficient social protective system established under capitalism, the luxury of which can be afforded by wealthy capitalist countries.

[NEPSZABADSAG] What is your view of the events in Hungary?

[Zhelev] I am aware of the events only through the mass media, including news reports and commentary broadcast by Western radio stations. I believe that the events evolving in Bulgaria resemble the Hungarian events much more than the events that are taking place in the rest of the countries. In my view, this is so even in the sense that there may be a split within the Bulgarian Communist Party like the one you had in the Hungarian Socialist Workers Party. The party has some factions which point toward the evolution of a socialist or social democratic party. This trend is not represented in the highest leadership, there are liberal communists at best, who have had enough of Zhivkov's methods. This, however, does not mean that they are condemned to failure.

Sofia, January 1990

New Social Security Regulations Adopted

90EB0113A Sofia DURZHAVEN VESTNIK in Bulgarian 8 Sep 89 pp 2-5

[Excerpts]

Council of Ministers

Central Council of Bulgarian Professional Unions

Decree No. 38 of 11 August 1989 on Adopting a Regulation on the Social Security of Individuals Who Are Engaged in Labor Activities in Companies Owned by Private Citizens, Individual Farms, on the Basis of Leasing Contracts or Registration, or Else Engaged in the Production of Agricultural Commodities on a Piece-Rate Basis, and of People Engaged in Intellectual Work of the Liberal Professions

The Council of Ministers and the Central Council of Bulgarian Professional Unions decree the:

Article 1

Adoption of a regulation on the social security of individuals who are engaged in labor activities in companies owned by private citizens, on individual farms, on the basis of leasing contracts or registration, or engaged in the production of agricultural commodities on a piece-rate basis, according to supplement 1.

Article 2

Adoption of a regulation on the social security of individuals engaged in intellectual work of the liberal professions according to supplement 2. [passage omitted referring to changes and additions to Section III of the Labor Code of 1951, the Pension Law, and the Regulation on Insuring People Engaged in Cultural Activities and Lawyers]

Supplement 1 to Article 1

Regulation on the Social Security of Individuals Who Are Engaged in Labor Activities in Companies Owned by Private Citizens, on Individual Farms, on the Basis of Leasing Contracts or Registration, or Engaged in the Production of Agricultural Commodities on a Piece-Rate Basis

Article 1

1.1. In accordance with the present regulation the following must be mandatorily insured as per Article 146 of the Labor Code of 1951:

1. Citizens who form companies;
2. Individual farmers;
3. Citizens who have concluded a leasing contract with a company or another socialist organization;
4. Citizens practicing a profession, producing goods or engaged in trade or services on the basis of registration;
5. Citizens who, on the basis of a contract with companies or private farms, are engaged in the production of agricultural commodities, paid on a piece-rate basis;
6. People who work on the basis of a labor contract with companies belonging to private citizens or private farmers.

1.2. If the individuals as per Article 1 are insured for all insurance cases on a different basis, they must be insured only against labor accidents.

1.3. Citizens as per paragraph 1, points 1-5, who are 60 years old or older for men and 55 years old or older for women, should they receive pension for work longevity and old age, must be mandatorily insured only for a labor accident. Optionally they can be insured for all other cases.

Article 2

2.1. Insurance in accordance with the present regulation begins and lasts as follows:

1. For citizens who have formed companies: from the time of registration of the company or their acceptance as associates in a company to the termination of the company;

2. For individual farmers: from the beginning to the cessation of their activities;

3. For citizens who work on the basis of a leasing contract or are engaged in the production of agricultural commodities and paid on a piece-rate basis, from the day of enactment of the contract to its termination;

4. For citizens exercising labor activities on the basis of registration: from the day of registration to the termination of the action;

5. For individuals working on the basis of labor contracts in companies owned by private citizens and private farmers, from the day they begin work to the date of termination of the contract.

Article 3

3.1. The individual is insured through monthly insurance payments which, for all insurance cases, amount to 30 percent and, for those insured against labor accidents only, 2 percent. The payments must be made before the 10th of the month following the one to which they apply.

3.2. Insurance payments for individuals as per Article 1, paragraph 1, points 1-4, are made at their own expense and are based on their declared insurance income. In the case of individuals as per Article 1, paragraph 1, points 5 and 6, they are computed on the basis of the wages paid and are paid by the company or the cooperative farm with which the contract has been signed, or else by the employer.

Article 4

Citizens who have set up companies and individual farmers make their personal insurance payments and payments for individuals working on the basis of a labor contract signed with them to the respective territorial social security authorities, which make the insurance payments.

Article 5

Citizens engaged in labor activities on the basis of registration make their insurance payments and receive insurance payments from the state social security through the municipal people's council with which they

are registered. The municipal people's council transfers said insurance payments to the state social security by the 15th of the month following the one to which they apply.

Article 6

6.1. Citizens who work on the basis of a leasing contract are insured by the company or by any other socialist organization with which they have signed a contract.

6.2. In signing the leasing contract, the individuals must inform in writing the company or the socialist organization of the amount of the income for which they would like to be insured. Should they fail to do so, they must be insured on the basis of the minimal wage for the country. The amount of the insurance income could be changed on the basis of a written statement.

6.3. Companies and other socialist organizations must deposit the owed insurance payments to the account of the state social security by the 10th of the month following the one to which they apply and make the insurance payments.

6.4. Insurance premiums must be paid by the insured individuals at the same time that they make their leasing payment, unless otherwise stipulated.

Article 7

7.1. Citizens who produce agricultural commodities on the basis of contract and are paid on a piece-rate basis will be insured by the company or the cooperative farm with which they have signed the contract.

7.2. The insurance payments for individuals as per paragraph 1 will be computed on the basis of the average monthly wage as stipulated in the contract for the production of agricultural commodities paid on a piece-rate basis. They must be made before the 10th of the month following the one to which they pertain, by the company or the cooperative farm with which the contract has been signed and which also make the insurance payments.

Article 8

The monthly income of individuals as per Article 1 for which insurance payments must be made may not be lesser than the minimal wage for the country or higher than that same wage, quadrupled.

Article 9

The municipal people's councils, companies, and other socialist organizations keep accountability documents for every insured individual for the insurance payments which were made and for paid out monetary compensations, aid and monthly supplements for children.

Article 10

Leave time for which payments are made from state social security will be considered as labor longevity

without any payment of insurance premiums. For part of the month during which the insured individual has not used such a leave a proportional part of the insurance premium will have to be paid.

Article 11

11.1. Monetary compensation for temporary disability is computed on the basis of the income used as a base for making insurance payments for the preceding calendar month and will be paid only for the working days for the period of disability.

11.2. Monthly supplements for children will be paid in full for the months for which the owed insurance premiums have been paid.

11.3. Monetary compensation, aid, and monthly supplements for children will be paid before the 20th of the month following the one to which they apply.

Article 12

12.1. Citizens who have set up companies, private farmers, and people engaged in labor activities on the basis of registration, who have failed to make the necessary insurance payments do not have the right to monetary compensation, aid, and monthly supplements for children for the respective month.

12.2. Unpaid insurance premiums can be paid along with the interest owed no later than 1 year as of the end of the month for which they must be paid. In that case the time will be considered as labor seniority without any restoration of the right lost for monetary compensation, aid, and monthly supplements for children.

Article 13

The pensions of people insured on the basis of this regulation will be granted and computed on the basis of the Law on Pensions and the income for which insurance premiums have been paid.

Article 14

14.1. Insurance documents will be issued to individuals as per Article 1, points 1-4, and point 6.

14.2. The insurance documents will contain entries of the insurance premiums paid and monetary compensations, aid, and monthly supplements for children paid out. The entries will be made by the respective "Social Security" territorial administrations, the municipal people's councils, companies, and other socialist organizations which pay the insurance premiums and make payments to the insured.

Article 15

In the case of problems not covered by the present regulation the stipulations of Section III of the Labor Code of 1951, the Law on Pensions, the Ukase on Encouraging the Birth Rate, and the current regulations will apply.

Concluding Stipulation

Only paragraph. Instructions on solving problems which arise on the application of the present regulation will be issued by the Social Security Main Administration.

Supplement 2 to Article 2**Regulation on Social Security of People Engaged in Intellectual Work in the Liberal Professions****Article 1**

The present regulation settles the social insurance of individuals engaged in intellectual work, described for the sake of brevity as "members of liberal professions," who are not insured in all cases on the basis of other regulations.

Article 2

Liberal profession practitioners will be insured as per Section III of the Labor Code of 1951.

Article 3

3.1. Social insurance for the liberal professions will be applied as follows:

1. Through the creative, creative-professional or professional union or creative fund, for the individual members of such organizations;

2. The association of masters of folk arts, in the case of individuals who are masters of folk arts;

3. The respective cultural institution or company (house) for individuals who are not members of organizations as per points 1 and 2 but work on the basis of a written contract with a cultural institution or company (house).

3.2. Organizations which, as per paragraph 1, act as insurers on behalf of the state social insurance.

Article 4

4.1. Individuals receiving pensions for work longevity and old age are not subject to mandatory insurance.

4.2. Individuals who receive pensions for work longevity and old age, based on some of the currently deleted laws, Ukases, regulations or statutes or else on the basis of the Law on Pensions, should they so desire, could be insured under the conditions of the present regulation; they will not receive their pensions for the time of participation in the insurance.

Article 5

5.1. Insurance on the basis of the present regulation starts with the month during which the person was accepted as member of the respective creative, creative-professional or professional union or fund or, respectively, the association of masters of folk arts, and lasts for the duration of the person's membership.

5.2. For individuals as per Article 3, paragraph 1, point 3, the insurance begins the month during which they began to work on the basis of a written contract with a cultural institution or company and lasts for the duration of the contract.

5.3. Insurance according to the present regulation is terminated when the person becomes insured for all insurance cases on a different basis.

Article 6

6.1. For insuring individuals practicing liberal professions mandatory insurance premiums are paid at their own expense.

6.2 The insurance premium must not exceed 30 percent of the gross monthly income of the individual but may not be less than the minimal wage for the country or no more than quadruple its amount.

Article 7

7.1. For the time during which such individuals have not earned any income or else the income has been below the minimal wage, they will pay the minimal mandatory monthly insurance premium.

7.2. In the case of fluctuating monthly income, if so desired, and if so stipulated in a written declaration submitted to the insuring organization, the income may be summed up for one calendar year and the insurance payments may be based on the gross amount of the average monthly income without violating the maximal amounts stipulated in Article 6, paragraph 2.

Article 8

The time spent on leave, during which compensations from the social state insurance are paid, will be considered for time participated in the insurance without paying insurance premiums. For the part of the month during which the insured has not used such leave, he will pay a proportional share of his insurance premium, computed in accordance with Articles 6 and 7.

Article 9

9.1. Establishments, enterprises, companies, and other organizations which pay wages to individuals practicing liberal professions will withhold officially the insurance payment totaling 30 percent of the gross payment and transfer the funds within 3 days to the corresponding insuring organization as indicated by the individual; at the same time, they will inform the organization in writing to whom payments have been made, the amount, and the amount of the withheld insurance premium.

9.2. At the end of every month the insuring organization will total the income and withholdings and the insurance payments it has transferred and recompute and, respectively, refund to the individual excess premiums paid or else debit the individual for the unpaid balance to the level of the minimum insurance premium.

Article 10

10.1. The managements of creative, creative-professional, and professional unions and funds, and the association of masters of folk arts and cultural institutes and companies which employ individuals on the basis of written contracts must ensure the prompt collecting and payment of insurance premiums.

10.2. The instructions issued by the insuring organizations on collecting insurance premiums are mandatory for the organizations which pay the wages to individuals in the liberal professions subject to insurance.

Article 11

11.1. If for any month during which the insured individual has not received an income or else his income has been below the minimal wage for the country, should he fail to make the minimal mandatory monthly insurance payment, he may do so, with proper interest, within 1 year, starting with the end of the month for which the premium was due.

11.2. In the case stipulated in paragraph 1, the month for which the delinquent payment was made will be considered as a month of participation in the insurance; however, the unused rights to monetary compensation, aid, and monthly supplements for children for the same month will not be recovered.

Article 12

Overdue insurance payments for state social security will be charged a 12-percent annual rate of interest.

Article 13

13.1. Monetary compensation for temporary disability, aid, and monthly supplements for children will be paid to the insured individuals practicing liberal professions by the insuring organizations.

13.2. An individual in the liberal professions who has not paid his insurance premium will have no rights to monetary compensations, aid, and monthly supplements for children.

Article 14

14.1. The insuring organizations will allow the payment and will pay out monetary compensation, aid, and monthly supplements for children as per Articles 150, 152, and 154-160 of the Labor Code of 1951, and the regulations and manuals on the application of Section III of the same code and the Ukase on Encouraging the Birth Rate.

14.2. Payments will be made between the first and fifth of the month following the one for which the insurance premiums were paid. One-time aid for childbirth may be paid even before the stipulated deadline.

Article 15

15.1. Monetary compensation for temporary disability will be computed on the basis of the income used in computing and paying insurance premiums during the calendar month preceding the temporary disability, in accordance with the minimums and maximums as stipulated in Article 6, paragraph 2.

15.2. If during the preceding calendar month the individual was not required to make his minimal insurance payment, the compensation will be computed on the basis of which the owed amount was paid during the last calendar month for which said premium had to be paid.

15.3. A monetary compensation will be paid only for the work days during the period of temporary disability.

Article 16

16.1. Pensions to individuals practicing liberal professions will be computed, stopped, terminated or amended in accordance with the stipulations and procedures of the Law on Pensions and the manuals and regulations governing its application.

16.2. Pensions will be based in accordance with the income on the basis of which insurance premiums were paid, in accordance with the minimum and maximum amounts stipulated in Article 6, paragraph 2.

Additional Stipulations

1. In the sense of the present regulation, the following will be considered individuals engaged in the liberal professions:

1. Writers, journalists, translators, composers, music experts, concert musicians, workers in the graphic arts, architects, film workers, masters of folk arts who are members of the organizations as per Article 3, paragraph 1, points 1 and 2;

2. Artists performing in concerts (drama, puppet, opera, operetta, ballet, circus, entertainment and jazz artists, folk singers, dancers, instrument players, narrators, masters of ceremony, theater directors, conductors, choreographers, members of orchestras, accompanying musicians, prompters, disc jockeys, heads and managers of concert orchestras and groups, as well as other artistic-creative and servicing personnel), who work on the basis of a written contract with a cultural institute or company (house);

3. Graphic artists (painters, draftsmen, illustrators, sculptors, collage artists, three-dimensional work artists, designers, art experts, and others, as well as individuals engaged in artistic-performing work in connection with the marketing graphic art works);

4. Film workers (creative workers, personnel in creative crews making motion picture, television, and video films, audio-visual programmers, people producing television and radio transmissions and programs, etc.).

2. Creative, creative-professional, and professional unions and funds which have members engaged in intellectual work in the liberal professions, the association of masters of folk art, and cultural institutions and companies using their services on the basis of a written contract will keep proper books for every insured individual, with records for insurance premiums contributed and monetary compensations, aid, and monthly supplements for children paid out.

Transitional and Concluding Stipulations

3. Workers practicing liberal professions in the intellectual area, insured in accordance with the now invalid Ukase on Insuring and Functioning of Cultural Workers and Lawyers will remain insured in accordance with the present regulation.

4. Instructions on solving problems based on the application of the present regulation will be issued by the National Council on Education, Science, and Culture and the Social Security Main Administration.

CZECHOSLOVAKIA

Future of Socialism, New Foreign Minister Discussed

90EC0174A Frankfurt/Main FRANKFURTER ALLGEMEINE in German 14 Dec 89 p 16

[Article by Viktor Meier: "Two Times Is Enough for Treachery; Communism Is Played out in Czechoslovakia"]

[Text] Prague, Dec—Is Czechoslovakia still a Socialist country? It is hard for many Czechs and Slovaks to say. In everyday life and in the system nothing has changed yet. But seeing television and the newspapers present ministers whose rather recent spells in prison are discreetly concealed by their official biographies points to fundamental change. The composition of the government is a "compromise among the decisive forces in the country," according to the Communist organ, RUDE PRAVO; the party will, however, insist that change come about on the "basis of socialism," RUDE PRAVO continues.

But whether the party still possesses the strength to rally its forces once again seems more questionable with every passing day. To be sure, it still possesses the instruments of its agitation, ranging from its "social achievements" to the German question, which Party Secretary Urbanek said is a source, if not of danger, then at least of uncertainty for the country. One can anticipate that the question of Western or Eastern orientation will play a role in the election campaign. There are also differences within the ranks of the new groups. Some in the Forecasting Institute, which has provided no fewer than three members of the government, are promoting ideas that sound like another communism or at least a "third way." Not everyone is happy that the Civic Forum is willing to let these people run economic policy.

Events look like a negative of February 1948. Back then it was the Interior Ministry, run by Communist Nosek, that was the spearhead of the struggle against the bourgeois, democratic majority; what the ministry was unable to accomplish was achieved by mass demonstrations. This time the mass demonstrations came first and the Interior Ministry is the bastion that the communists are defending the hardest. They refused outright to let a non-Communist, Minister Sacher from the Christian People's Party, head the Interior Ministry. Thus it was decided to create a "three-person commission" consisting of the premier and his two first deputies (although they are from the opposition). Soon the state security service will be put under a special commission headed by Slovak "dissident" Carnogursky. The Communist Party already has no power over the Army and its people's militia has been disarmed.

In practical terms, this means that it will have to seek power by democratic means, and here the party is, as the communists themselves admit, far weaker than its proportion of posts in the new government suggests. Nonetheless, there are elements in the Communist Party that are unwilling to give up and are seeking "democratic renewal" of the party. They say that if the party just throws off enough "ballast," it will still have a future.

This thesis was the dominant idea at the latest district party conferences and it dominates the "Forum of Democratic Communists," which would like to accelerate the pace of "renewal" even more. The difficulty with this is the nature of the party, which the 1969 purge left a dogmatic rump enjoying no respect and lacking all intelligence. To be sure, younger and better faces have since entered the party but it is only since the removal of the "concreteheads" that they have been able to make some progress. And one wonders whether it is not too late. Despite the outstretched hands, only a few of those "purged" in the "normalization"—a total of about 500,000—are considering returning to the sinking ship.

Czechoslovakia managed to do in 2 days what took Poland months, said representatives of the Civic Forum after the new government was formed. Along with the effect of events in neighboring countries, the nature of the Czechoslovak Communist Party was undoubtedly the most important reason for the pace of the shift.

Until 1929, the Communist Party of Czechoslovakia was a democratic mass party; then after Stalin's critical letter "To Comrades Smeral and Zapotocky," it converted itself into a Stalinist cadre party. In the 1935 elections it got only 10 percent of the vote. After the war, in 1946, as the result of Munich, the German occupation, the Kosice Agreement, and the expulsion of the Sudeten Germans, the communists won 38 percent of the vote nationwide, and even got over 30 percent in Slovakia. The last was due to the fact that during the war the Slovak Communists long opposed the restoration of Czechoslovakia and after the war carried on intense anti-Hungarian agitation. The Czech Stalinists then took revenge on Husak and other Slovak Communists for their "nationalism."

After the war, some in the West believed that in Czechoslovakia with its democratic tradition, Communism would be different, more "democratic" and "European" than elsewhere. In fact, there were some signs of an effort to create a "Czechoslovak way" under Gottwald. These efforts quickly collapsed under pressure from Stalin, however; this rapid collapse was the Czechoslovak Communists' first great betrayal of their country and their own traditions. Instead of a "European" Communism, the most odious and criminal form of Stalinism seen in Europe spread throughout the country. At that time there was hardly a Czechoslovak Communist leader who was not guilty of crimes, who did not have blood on his hands. Naturally, the "destalinization" under Novotny then proceeded slowly, so slowly that the pent-up pressure finally exploded in 1968.

What happened after the Soviet occupation was basically a repetition of the postwar events at a somewhat milder level. Once again it was a betrayal of Czechoslovakia's democratic and European traditions. Those citizens whose lives were ruined by the policies of Husak, Bilak, and the others, who were imprisoned or harassed and humiliated for years by the regime's police, would be justified in raising the question of personal responsibility for the crimes of the party rule. At any rate, after these two betrayals, there appears to be little left politically and intellectually of communism or socialism in Czechoslovakia. The social thinking that is particularly deeply rooted in Czech tradition and a certain egalitarianism may help shape the country's political future but by no means do they need to be linked with communism or a Communist Party.

[Box, p 16]

Viktor Meier: A Man Who Can Get What He Wants

The new Czechoslovak Foreign Minister is unable to take office because the heating firm he has worked for for years still has not found a replacement for him, people were saying on Monday after the new government was formed in Prague. That may have been exaggerated for comic effect but the anecdote does indicate how the dramatic changes in the country's political life hit people. After the 1969 party purges Dienstbier was no longer permitted to continue working as a journalist; according to the official biography, he made a living all those years by working inter alia as a night watchman and boilerman—i.e., in the few jobs the Husak regime allowed the party intellectuals who had been involved in the "Prague Spring." As late as August, the police cut off the private telephone line of the current Foreign Minister of the Czechoslovak Socialist Republic. It was restored just a few days prior to taking office.

Dienstbier was born in Kladno in 1937; he studied at the Philosophical Faculty of Prague's Charles University. From 1958 to 1969 he worked as a foreign political correspondent, primarily for Czechoslovak radio and television, not for the official press agency or the party organ RUDE PRAVO as was at first erroneously

announced. He served as a foreign correspondent in the Far East for a few years, then in Washington. It was in the American capital that Dienstbier lived through the "Prague Spring" and the occupation of his country. After considerable thought he decided to return to Prague; he was one of those who believed that their personal efforts might be able to help save some of the achievements of the reform movement.

This hope proved illusory, however. Dienstbier became embroiled in an open struggle with the Husak regime, which soon abandoned the last element of the "Spring" that it had seemed at first to be retaining—economic reform—and restored the strict bureaucratic rule of the years before the awakening. Dienstbier was expelled from the party, harassed in his personal life, banned from all white collar jobs, and imprisoned several times. His official biography does not mention these imprisonments. In 1977 when many of those who had been involved in the "Prague Spring" signed the "Charta 77" manifest in an attempt to use the Belgrade CSCE follow-up conference to secure the restoration of civil liberties in Czechoslovakia, Dienstbier played a leading role.

The years of struggle have altered him physically and mentally; the frail, sensitive young man has become a broad-shouldered, powerful, somewhat nervous politician who knows what power is and who can get what he wants. When the Civic Forum was founded, Dienstbier soon became its leading political figure. In his new position he will not ignore his country's political realities but he will also remember that Czechoslovakia lies in the heart of Europe and needs to work hard to bring its relations with the West up to speed.

HUNGARY

National Assembly January Agenda Reported

25000577C Budapest NEPSZABADSAG in Hungarian
23 Dec 89 p 5

[MTI report: "January Session of the National Assembly Convened"]

[Text] Pursuant to Article 2, Section 2 of the Constitution, the acting president of the National Assembly has convened the next session of the National Assembly for 1000 hours, 23 January 1990. The following proposals are expected to be dealt with by the legislative body:

- Legislative proposal concerning the salaries of leading state officials;
- Legislative proposal concerning private enterprise;
- Legislative proposal concerning the state trust fund, and the management and utilization of state property;
- Legislative proposal concerning property entrusted to state enterprises;

- Legislative proposal concerning the introduction of public trading and the trading of certain securities, as well as the securities exchange;
- Legislative proposal concerning certificates of good moral conduct issued by authorities;
- Legislative proposal concerning amendments to domestic relations law;
- Legislative proposal concerning adjudication in the field of administrative law;
- Legislative proposal concerning amendments to change the Law on Transformation, involving organizations and corporations doing business;
- Legislative proposal concerning certain changes in the Civil Code of Laws;
- Proposal on the structure, personnel size, and annual budget of the State Accounting Office;
- Report concerning ongoing negotiations relative to the representation of nationalities; proposal for the settlement of this matter by law;
- Interpellations, questions.

POLAND

Paszynski on Barriers to Housing Construction

90EP0205A Warsaw *POLITYKA* in Polish
No 47, 25 Nov 89 p 5

[Interview with Aleksander Paszynski, minister of land use and construction, by Andrzej Mozolowski: "One Writes, the Other Acts"; date and place not given]

[Text] [POLITYKA] For many years now, we have been hearing every year that the situation in the field of housing construction has hit rock bottom. And every year it turned out that someone was knocking from beneath this bottom... This year is no exception. On the contrary, the rate at which this construction is declining has accelerated. Why?

[Paszynski] Until recently, well-known unfavorable forces or rather mismanagement were in operation here: the decline of the materials base, the inefficiency of an inept economic-financial system, shortage of workers, lack of land for development, shortcomings of the infrastructure—the construction industry is like a lens in which all the defects and shortcomings of the entire economy are concentrated. Now, yet another new and threatening barrier has been added on: the lack of money. Investors do not have it for the construction of new buildings nor the administration for the completion of overhauls. There are instances where there is no money to patch up a hole in the roof... And no wonder, since prices are rising, the value of the zloty is dropping and credit is becoming increasingly more expensive—after all, it is difficult for it not to be with this rate of

inflation. Therefore, when you ask me what I anticipate will occur in the field of housing construction next year, I will answer you: things will be bad—very bad if we fail to figure out a way to turn this declining trend around.

[POLITYKA] What can you concoct when everyone is in need of everything including money? At one time, deputy Premier Jaszczuk tried to mobilize us just as persistently but unsuccessfully to the so-called disclosure of reserve supplies. Do you have some sort of hidden reserves to disclose?

[Paszynski] Can you imagine that, indeed, I do—and a very large one at that! Do you know how many single-family homes are under construction in Poland today? 360,000! And do you know how long it takes to build such a house? Six years on an average! On an average because it often takes much longer. This is economic nonsense! Such is the case because these builders are always lacking something: either cement or tar board or sheet metal or installation equipment or money—or everything all at once. In addition to this, the owner frequently deliberately prolongs the building process for formal-legal reasons, for example, waiting until his child becomes of age in order to sign either the new house or the old apartment over to him.

Thus, in the next 2 years I want to concentrate all available funds on this small building industry whereas protecting multifamily housing construction only against regression. I have already talked about this matter with voivodes, with directors of centers where building material is sold and with the PKO. If we give people building-construction and financial (credit) resources and change the rules and regulations, among others, the one disallowing the ownership of two dwellings—the construction work will move. Within 2 years, we will achieve a spectacular increase in single-family home construction—I estimate a count of 80,000 to 100,000 such homes. At the same time, the enormity of building material and manpower frozen unproductively for years in this currently so sluggish construction will be reduced.

[POLITYKA] I fear that this is not so simple. You spoke several days ago with the Association of Homeless People. They confirmed an old truth: for years people have been encouraged to build and for years there is no place to build. Obtaining a so-called location or site on which to build borders on the miraculous.

[Paszynski] Of course. But why is that? That is also obvious: because there are no available sites and particularly construction-ready building sites. We are currently working on amending the law pertaining to land management. There will be municipal property. This will provide towns and cities with a significant land reserve in the coming 2 years. I am counting on the formation of numerous private as well as socialized enterprises which will buy this land from the city and develop, divide and sell it to those interested. The city will also be able to issue securities for the developed, construction-ready sites.

[POLITYKA] Following the example of Drewbud?

[Paszynski] I do not want to make specific statements here on the subject of Drewbud—I am talking about the method which it has adopted, i.e., anticipation securities which, as we have seen, people are pushing and shoving to obtain with money in hand.

[POLITYKA] Fine, but where will these production forces, which we do not have, come from? Who will develop and build?

[Paszynski] You are probably familiar with the government's decision about limiting industrial investments and about suspending central investments for 15 months? This places many construction enterprises in a critical situation. I am already receiving signals from Poznan, among other places, that they are beginning to look around for work. That which none of my predecessors has been able to accomplish is beginning to happen now: the shifting of a part of the construction potential from the so-called industrial sector to the "private housing sector."

An extremely important thing will accompany this: a new system of granting credit, namely self-contained. Credit will now not be given to investors or housing cooperatives but to people who want to have a place of their own and it is they who will entrust investors, who will gain their trust, with their money.

[POLITYKA] We have been hearing about the self-contained [podmiotowy] credit system and its benefits for many years now. Is it possible that that which was demanded repeatedly by Paszynski—the journalist, in POLITYKA is now being implemented by Paszynski—the minister?

[Paszynski] That is precisely the difference between a journalist and a minister: one writes, the other acts.

[POLITYKA] Nonetheless, are your plans for the development of private construction and holding back regression in multifamily housing realistic in view of the catastrophic state of materials supplies?

[Paszynski] That is another matter in need of serious concern. Officially, the building materials industry does not fall within the jurisdiction of the building ministry. However, no one can exempt us from the responsibility for its fate but I feel that this is a topic for a separate discussion.

[POLITYKA] Let us, therefore, assume that we have those 2 years of single-family [housing] development successfully behind us and the time comes for the dynamic growth of multifamily construction. How do you see it: still as huge and hideous, expensive and wasteful in production, factory-made apartment high-rises?

[Paszynski] I would like to create conditions in which everything that is expensive, wasteful and inefficient will disintegrate by itself through the market and through

competition. This will not be a rapid process but, after all, no utopia either. Who said that multifamily housing has to be necessarily big and state sponsored? Can this not be done by a joint venture, cooperative or completely private individual in a variety of ways?

[POLITYKA] I cannot quite see private investors in large housing constructions...

[Paszynski] I told the mentioned by you "Homeless People": take charge of so-called resourceful construction [budownictwo plombowe]. The ready land sites are waiting. Let a 10-person joint venture build a building for let us say 50 apartments. Ten will be for you and you can sell the other 40 with profit. Buy out old houses, if only in the area of Krakowskie Stare Miasto, whose tenants have been assigned new quarters and which no one can afford to repair. This also requires legal amendments but I feel that they will come quite rapidly. But I want to get back to the subject we were discussing: I will not defend any housing construction plants nor any organizational structures such as ADM's [Residential Housing Administration], ROM's [Residential Service Region] or cooperatives. I will not come out with any requests for tax breaks or preferential credit. Let everyone defend himself. If he does not defend himself successfully, he will fall and only those who can, the best will remain. Thus, the answer to your question: enterprises with energy-consuming and material-consuming technologies will bring themselves to ruin.

[POLITYKA] Somehow, so far we are not seeing any hara-kiri type acts among them. On the contrary, the more expensive their construction, the more they extol it.

[Paszynski] That is because investors don't care how much they pay. Cooperatives receive cheap credit and build as much as these funds will allow. When a future owner of an apartment receives credit, he will take a good look around before he entrusts someone with it. Therefore, the livelihood of a cooperative will depend on how many credit holders will want to entrust it with their money.

[POLITYKA] If only these credit holders will be able to choose...

[Paszynski] That is precisely our concern. To have a multitude of investors and entrepreneurs—manufacturers—that is what we are talking about all the time. We should also not worry unduly about employment problems...

[POLITYKA] Are you anticipating unemployment?

[Paszynski] Not only but primarily if we are to think with common sense. We hear that people are running away from construction enterprises. And that's very good! After all, where can they run to—not to the post office or boutiques but to other construction enterprises! Those privately owned ones—either our own or Polonia-type enterprises. They pay better there. And why do they

pay better? Because it can be seen that people work more efficiently there; work is better organized there and they are able to better execute it. Therefore, let state enterprises exert some effort to do the same. If they will not be able to do this—they will fall. The situation occurs frequently in which an enterprise quickly and efficiently erects so-called raw state housing and trips on the finishing work. Why should it not place an ad in the paper: "We are selling apartments in raw conditions"? They will find buyers without a problem. And as for painters, plumbers and installation specialists—let them leave and form joint ventures or privately owned shops that only handle finishing work. Perhaps in this way or in some other way. There are many ways. People have to use their heads and construction managers must know better than I what to do to come out ahead. In any case, they always knew; the only thing is that they always came out ahead at the expense of the investor or the prospective apartment owner by jacking up prices. This should change now. I shall strive for that.

[POLITYKA] The creation of a housing market, competition, housing as a commodity subject to the laws of supply and demand—all of this looks wonderful. There is only one concern: that we will give wealthy people the chance to own an apartment and only them. And what about the rest? In the government there are advocates of a liberal economy and of a sociodemocratic one. It is well-known that you belong to the first of the two categories. Does this not betoken unfavorably for the not so well-off?

[Paszynski] I do not dabble in fortune-telling. On the other hand, I do know that the housing problem in Poland absolutely cannot be allowed to be solved by means of such commercialization of this sector that it would eliminate the opportunity for those deprived of substantial funds. That is why I am arguing with the finance minister about maintaining low interest, long-term preferential credit (for the people, I wish to emphasize, and not for investors!) For this reason also, I feel that social policy should assure the most favorable credit conditions both in terms of interest rates and repayment deadlines for those considering the purchase of an apartment of specific standard size. Those who wish to buy something larger—that would be their business but no special discounts would be offered in such a case.

For these same social reasons, I will strive to shift the huge budget subsidies (860 billion zloty this year) from the sphere of the municipal economy, i.e., the ADM's [adeemy] to the pockets of tenants. Perhaps not all tenants; perhaps only those who do not exceed a specific surface area per person. In any case, if subsidies will be withdrawn, and they have to be if rents are to be raised considerably in January—this is inevitable, the people will have to be provided with some sort of genuine financial protection, particularly those living in worse housing conditions.

[POLITYKA] Is rent reform and, therefore, its multiple increase really indispensable?

[Paszynski] Yes. Rent must cover the cost of building maintenance if we do not wish to bring it to a state of ruin. It must even exceed this cost if we are to encourage people to build and restore multifamily housing; to own rental "apartment houses." The reform is indispensable because the rent amount must be based on the size, standard and location of the apartment and not on the chance occurrence that someone happened to come to cooperative so-and-so and only for this reason pays 5 or even 10 times more than he would pay for a similar allocated apartment or one from some other housing cooperative. Indeed, rent must be very differentiated but this is because apartment standards must also vary. The state, on the other hand, is only to make sure that slums will not be built.

The rent reform will bring something else: it will finally enable the unrestricted exchange of housing. A sea of ink has been spilled (and rightly so) on the subject of the insurmountable financial difficulties hindering the simple exchange of living quarters despite the mutual agreement of both parties; a tenant switching over from a larger apartment to a smaller one oftentimes has to pay more than before...

To sum things up: aside from the desire to assure everyone suitable housing conditions owing to appropriate social policy in this area, I am in favor of treating housing as a commodity with all its consequences so that housing may be bought, sold, exchanged, built. I am also in favor of single-family housing, although, not necessarily in the form of free standing villas. What I have in mind are small homes with several apartments, even apartment houses. I would prefer to talk about mass construction among the population using various architectural forms. Today, this type of construction constitutes scarcely 27 percent of the whole with the remaining three-fourths, in the form of housing development high-rises. I would like for these proportions to reverse themselves in time.

[POLITYKA] Let us return yet for a moment to the issue of social justice. How do you view the injustice to hundreds of thousands of people whose invested money in cooperatives apartments after many years of waiting has a completely diminished value?

[Paszynski] Agreements have to be kept. I feel that an individual who has stood in line, accumulated the required outlay has as a result acquired the right to an apartment and to the revaluation of his invested money. However, he must be prepared for higher interest rates on credit. You must admit that under current conditions, granting 40-year loans at three percent—well, it would be better to give them out for free... Nonetheless, that is not the primary concern or rather worry of those waiting in line but the incredibly long waiting period. That is why we must encourage people, by creating attractive conditions for private construction, to leave this waiting line so that it becomes shorter.

[POLITYKA] All of these promises sound very encouraging. However, one thing is required to fulfill them:

break up the stagnation in the construction industry and its genuine and rapid reanimation. In your opinion, when will this happen?

[Paszynski] As I have already said, sooner in the mass movement of single-family housing construction than in other areas. Then, in 3 to 5 years, in multifamily construction. This is all I can promise.

[POLITYKA] Thank you for the discussion.

[Box, p 5]

After 8 months, progress in the annual housing construction plan, pitiful by all counts, came to barely 39 percent. Such humiliating results had never before been noted. In some voivodships, this index vacillated around 30 percent, for example, in Wroclaw, Lodz, and Poznan voivodships.

As time passed on, the construction movement slowly changed into stagnation. In August, 5,300 housing units were turned over for occupancy in the entire country all at once. In the voivodships of Ciechanow, Siedlce and Biala Podlaska not even one unit was made available. The annual progress of the school construction plan came to approximately 25 percent after a lapse of two-thirds of the year; 17 percent for kindergartens; and approximately 5 percent in terms of hospitals, including beds.

Alarming signals are being received from construction sites indicating a collapse in terms of steel, cement, installations and plumbing fixtures supplies. According to building contractors, this is to be the main cause of the construction industry's collapse.

Socialist Party Leader on Ideology, Goals, Interparty Relations

90EP0154A Warsaw *PRAWO I ZYCIE* in Polish
No 41, 14 Oct 89 p 5

[Interview with Dr. Andrzej Malanowski, presidium secretary, Main Council, Polish Socialist Party by Wieslaw Luka: "We Reject All Dictatorship"; date and place not given]

[Excerpts] [PRAWO I ZYCIE] "How many Polish Socialist Parties do we have?" was the question asked by GAZETA WYBORCZA 10 days ago or so. I would like to repeat this question—how many?

[Malanowski] Information about the supposed number of PPS [Polish Socialist Party] is being repeated with apparent persistence. In effect, it is aimed at discrediting the reform of the Socialist-Democratic Party of Polish socialists headed by one of the distinguished champions of workers leading all the way back to the years of the uprising and the activity of the Workers Defense Committee—Jan Jozef Lipski.

[PRAWO I ZYCIE] I see the initials PPS-RD on the walls of Warsaw apartment houses more often than the first three letters.

[Malanowski] A few words about recent history. The PPS was reactivated in our country between 15 and 22 November of 1987 at a founders conference which took place in the garden plots' community center at ul. Odynea in Warsaw, several hundred meters from Gen Czeslaw Kiszczak's residence. At that time, provisional documents were passed—the manifesto and the statute. The executive board with J. J. Lipski at the head was also chosen. It was made responsible for holding an ordinary conference within a year at the latest. After several months, in the beginning of February 1988, taking advantage of my absence as well as the detention by the militia of most of the people from the leadership, the small group of founders carried out a kind of coup by rejecting the jointly adopted political manifesto. The group's leader was Jozef Pinior joined by Grzegorz Ilka. Later, this group adopted the name: the PPS Democratic Revolution; it expresses leftist-revolutionary tendencies. In the spring of this year, Grzegorz Ilka left the RD along with a dozen or so people and formed yet another faction—the PPS Press League which then transformed itself into the so-called PPS Provisional National Committee. Neither of the two groups held its conference-meeting nor did they submit themselves to democratic certification. Meanwhile, the ordinary PPS held its first congress in April of this year in Lesna Podkowa. We had 88 delegates, guests from national opposition parties and esteemed Polish socialists—Wladyslaw Jagiello and Marek Edelman. Despite the recurring question: Which PPS is the true one?—Bettino Craxi, the leader of the Italian socialists, had no doubts when he officially invited us to the Milan Congress of the Italian Socialist Party.

[PRAWO I ZYCIE] From what I hear, Swedish socialists had no doubts either when they invited you to Stockholm for the International Socialist Congress.

[Malanowski] On 9 September, Premier T. Mazowiecki also talked with Jan Jozef Lipski and with the leaders of the Confederation of Independent Poland—Leszek Moczulski and from the Labor Party—Janusz Zablocki.

[PRAWO I ZYCIE] Why then is the issue of discord being blown up?

[Malanowski] This is a matter of ignorance and the lack of desire to explain things. It seems to me that it should also be taken into consideration that the PPS is being treated as dangerous competition in Poland's developing image.

[PRAWO I ZYCIE] Dangerous for whom?

[Malanowski] Let's not talk about for whom but rather that the reformist PPS may constitute competition in the Polish socialist movement which has not as yet been fully organized. Don't forget that we have our ties in a

dozen or so centers—from Szczecin, through Mława, Warsaw to Zamosc. People from Śląsk and Wielkopolska are applying.

[PRAWO I ŻYCIE] Would it be important for you to do away with the factional division?

[Malanowski] Certainly. We are ready to take part in talks and in reaching agreements but on condition that fundamental principles are maintained, i.e. openness, democratic forms of activity, tolerance and rejection of all force in public life.

[PRAWO I ŻYCIE] There has been a lot of discussion in recent weeks on the need for creating a modern Polish leftist party on a broad social base. This is also being discussed in PZPR ranks. Would the PPS be ready for cooperation?

[Malanowski] Only the statutory organs can decide about that. However, social feeling should be taken into consideration. There are many who may look at such efforts as an attempt at "painting oneself innocent." The events of the last 45 years may impede and frankly render impossible in the very near future debate over such scenarios. It will be possible to take them seriously into consideration only when some sort of leftist party of a democratic nature and program comes into being. [passage omitted]

[PRAWO I ŻYCIE] [Passage omitted] General social funds are intended for a purpose with which, after all, not all our fellow-citizens identify. This smacks of practices from so-called bygone days. This is how I see it: your conference—your party expenses from party funds.

[Malanowski] In all democratic countries, the state has the responsibility to afford freedom of organizing to those who want it. It also has the responsibility to bear certain costs in the initial stages of this process. After all, we know how the state-party agglomeration functioned in the country for decades and the kind of financial and organizational power political groups and organizations enjoying the support of the state as it was several months ago, although, not enjoying wide social support, constitute. Proposing that today we start from zero would mean the ruining of the chance for the development of democratic structures in the country.

[PRAWO I ŻYCIE] Do you already have your own funds at your disposal?

[Malanowski] That which we have at our disposal and that which comes from contributions as well as gifts is sufficient for the publication of several thousand issues of the paper, *ROBOTNIK*, and to cover the expenses of essential travel. In the future, it will be necessary to undertake publishing activity (perhaps not only publishing) on a broader scale guaranteeing unexaggerated profits.

[PRAWO I ŻYCIE] You mentioned the long road which you, which all of us have traveled in recent years. Did you anticipate this avalanche of events?

[Malanowski] I was certain of a political change. However, I did not imagine that things would accelerate so rapidly. In December of 1987, I was invited to the MSW [Ministry of Internal Affairs] at Rakowiecka street where I conducted a rather high level 2-hour discussion. At that time, I claimed that the country can be saved by prompt and real political openness and by transforming the state in accordance with the philosophy of public service, i.e. rejecting the doctrine of the state as an apparatus of coercion. It is with pleasure that I am discovering certain elements of that discussion in the interview granted recently by Gen Kiszczak to *GAZETA WYBORCZA*. I have hope that his statements are not just due to the existing state of affairs.

[PRAWO I ŻYCIE] The avalanche of events and the, at last, genuine reforming of political, social and economic structures... An avalanche, as we all know, is a phenomenon associated with real threats. What do you fear most?

[Malanowski] Uncontrolled social eruption resulting from the critical economic situation. The rapidly growing poverty within our society may lead to its [society's] inability to withstand the effects of the difficult reform processes. In addition, the still existing groups of the so-called party-bureaucratic hardliners may undertake an attempt at returning to the "good" old days. Such a threat may become real if in a matter of 6 months, T. Mazowiecki's government does not demonstrate at least partial but visible successes, above all, the curbing of inflation.

[PRAWO I ŻYCIE] How should we help this government which for the time being enjoys great support?

[Malanowski] The desire to repel the danger of an explosion of uncontrolled forces, is undoubtedly conducive to society's self-organization in various democratic structures.

[PRAWO I ŻYCIE] But this does not give more bread.

[Malanowski] However, society organized in parties and in independent associations subjects itself to substantive motivation on the part of leaders and representatives which it itself has appointed.

[PRAWO I ŻYCIE] Agreed but in the system of parliamentary democracy, some parties support the government whereas others operate in a destabilizing manner... What was your reaction to Premier Mazowiecki's expose?

[Malanowski] The outline of the program of the new government appears promising. It is written in a human language and has the spirit of a different philosophy. However, if these promises do not assume the appearance of concrete reality, a change in social mood can occur quickly. I am an agnostic. In this case, however, I am deeply convinced that society's belief in a better

Poland and in its ability to raise itself from the predicament in which the crumbling communist system has placed us—that this belief is an essential condition for success.

[PRAWO I ZYCIE] Priorities set by the government—the feeding of our society...

[Malanowski] In conjunction with this, we need honest information, although, not maintained in a catastrophic-like spirit. That is why, we attach great importance to the socialization of the mass media. Credible information will reveal to the people the first accomplishments in this area and their lack in another. [passage omitted]

[PRAWO I ZYCIE] You call yourselves the nonparliamentary opposition. What kind of role do you assign yourselves in the new reality?

[Malanowski] Undoubtedly, participation in the future, fully democratic elections as a separate, independent party of the non-communist Left. Today, we say—parliamentary opposition. However, this term does not fully describe the political reality. To be sure, we are not institutionally present in the parliament but with the consent of the PPS congress, two of our deputies occupy seats in the Sejm and we also have one senator. In its resolution, the congress has supported the reform strategy of the roundtable.

[PRAWO I ZYCIE] Therefore, you will not allow yourselves to be called "critics" of the new government.

[Malanowski] I see the chance for the formation of a bloc in the Sejm from the group of deputies and senators with sociodemocratic orientations accompanied by defined legislative initiatives. Because of its tradition and current program line, the PPS will promote all activity aimed at the implementation by the state of specific protective functions with regard to those who are most in need. The protection of the basic interests of the working classes—that is our goal, although, I must clearly state that we do not want to implement it in the manner of the OPZZ.

[PRAWO I ZYCIE] Everyone is talking about social welfare; everyone is reaching out to the state to have it give, protect, guarantee—but what should the people be told to give to the state which, it seems, is stone-broke?

[Malanowski] The PPS is not an advocate of the slogan of primitive egalitarianism but that of the creation of equal rights and opportunities for starting out in life. We know that there is no place for sentimentality in the economy. We are already taking into account the possibility of no longer a hidden unemployment but an openly admitted one. However, an unemployment compensation institution is needed. We feel that a healthy financial-tax and economic system enables the state to implement its social functions.

[PRAWO I ZYCIE] You talk about equal rights and opportunities for starting out. In America, where the word socialism is less popular as an objective of social aspirations, I have also heard the continually repeated slogan about equal opportunities in life.

[Malanowski] We differ from liberals because we perceive that not all people have the natural—let us say clearly—innate predisposition toward egalitarian participation in the race for prosperity. Therefore, assuring them conditions for a decent life is the responsibility of a democratic state. I am not saying, a socialist state, because this sort of thing does not exist and cannot exist just as there is no socialist democracy, socialist economy or—something that was ridiculed many years ago in the Warsaw STS [Students' Satirical Theater]—a socialist cross-ruled writing tablet.

[PRAWO I ZYCIE] Sir, the reality of the 45-year history of our [past] form of government has resulted in that, to put it mildly, much of the substance has evaporated from the slogan of socialism. What has remained? I am reading the essay of the philosopher, Adam Schaff, entitled "Biale Plamy na Mapie Wspolczesnego Socjalizmu" [Blank spots on the Map of Modern Socialism] and I notice that everything that I have been taught up to now on this subject ought to be questioned. The professor writes: "...The social consequences of the modern industrial revolution entail a new form of societal life. What kind? That is the question (...)." You sir, a socialist, also ask yourself: What kind? Could you give me some sort of answer?

[Malanowski] I will refer to our program: "(...) of primary importance for a socialist or democrat is the welfare of citizens, who are aware of the right and the responsibility of defining the extent of authority and the state's permissible interference in the life of an individual (...) We reject the Marxist definition of the state as an apparatus of coercion and the Marxist definition of the law as the will of the ruling class. We reject all dictatorship including proletariat dictatorship (...) What remains invariably of the word "socialism" is social justice, democracy and the slogan of the sovereignty of the state and of society that is inseparably connected with Polish socialism (...)"

[PRAWO I ZYCIE] When I hear the words "social justice," I become sick. I am a few years older than People's Poland and, you will agree with me, I have had quite a few occasions to become acquainted with the slogan about social justice and confront it with reality. We couldn't even distribute poverty fairly.

[Malanowski] The practice of the so-called realistic socialism has introduced new class systems. Above all, it has created the class of party-state bureaucracy which distributes privileges among itself and rewards not for real work but according to the criterion: "indifferent, mediocre but loyal." The discarding of this disgusting baggage already means the restoration of social justice.

[PRAWO I ZYCIE] I read somewhere that while participating in the congress of Italian socialists, you met with the representatives of communist parties, such as Imre Pozsgay from Hungary and Genryk Pavlovich Smirnov, deputy director of the international department of the

CPSU European section. On what note did you speak? Was there talk of proletarian internationalism?

[Malanowski] With Imre Pozsgay we agreed that there is no such thing as socialist democracy. Democracy either exists or it does not. I talked with the representatives of our neighbor to the east, twice. What is important is that they already recognize the existence in Poland of a socialist party—something which gave me unquestionable satisfaction.

[PRAWO I ZYCIE] Does the PZPR CC secretary, Leszek Miller, with whom you also talked in Milan have this same type of recognition?

[Malanowski] Of course.

[PRAWO I ZYCIE] Thank you for the interview.

Staff Changes, XI Congress Dominate Regional PZPR Plenums

Wlclawek: Structural Changes, Resignations

90EP0152A Warsaw TRYBUNA LUDU in Polish
6 Oct 89 p 2

[Excerpts] "If we do not make use of all the advantages the party possesses in the region, others may fill in the gap. Thus, while seeking the best program and organizational structure for the Polish party of the left, we cannot lose sight of what will happen in the near future—elections to local self-governments," said Jan Rogowski of Celuloza in Wlclawek. [passage omitted]

Decisions were also made to change the organizational structure of the Voivodship Committee. The agriculture and socio-economic sections, the party schools, and the regional centers for party work were liquidated. The number of fulltime positions in the so-called apparatus was reduced by nearly 50 percent. As a result of the "flattening" of the structures, it will be possible to use some of the current space in the offices of the Voivodship Committee for other purposes and to develop economic activities.

During the organizational portion of the meeting, the Voivodship Committee accepted the resignation of Wladyslaw Dolecki from the position of secretary of the Voivodship Committee, and the resignations of Marian Kwiatkowski and Antoni Malkowski from the Secretariat of the Voivodship Committee.

Walbrzych: New First Secretary

90EP0152B Warsaw TRYBUNA LUDU in Polish
6 Oct 89 p 2

[Article by DIK: "Zenon Cyktor First Secretary in Walbrzych"]

[Text] How should the voivodship party organization, especially the basic party organization and their members, act in the new socio-political situation? An answer to this

question was sought during the first part of the plenum of the PZPR Voivodship Committee. The deliberations will be continued in a few days after the voivodship officers sound out the members in the basic organizations.

The need to consolidate the party ranks, to shake off the lethargy, to cease recalling and thinking about the past when it has no connection with the future was emphasized during the discussion.

During the organizational part, Jozef Nowak asked to be relieved of his position. He said he needs to involve himself more in the work of the Voivodship People's Council, of which he is the chairman, and in his opinion the two positions should not be combined.

The plenum accepted his resignation. There were two candidates for first secretary of the PZPR Voivodship Committee: Marek Malinowski, editor in chief of TRYBUNA WALBRZYSKA and Zenon Cyktor, a secretary of the PZPR Voivodship Committee. In a secret ballot, Zenon Cyktor (age 48), doctorate in political science, was elected first secretary (53 of the 77 valid votes).

The plenum named a voivodship congress commission. Leszek Miller, member of the Politburo and secretary of the Central Committee, participated in the deliberations.

Legnica: Leftist Youth Movement

90EP0152C Warsaw TRYBUNA LUDU in Polish
9 Oct 89 p 2

[Article by Czeslaw Kubasik: "Legnica"]

[Text] The voivodship party organization met with the party deputies, members of the Voivodship People's Council, and members of the Voivodship Control and Review Commission. Numerous proposals were made concerning the renewal of the party, the formation of a left based on tradition and capable of representing the working people.

Stanislaw Tomczak, chairman of the Voivodship Board of the Union of Socialist Polish Youth and deputy chairman of the Voivodship People's Council, said, among other things:

"We make up no small force. We have 19 young members of the Voivodship People's Council. We have been attacked by some Solidarity activists. We support a leftist youth movement and will continue to support it. We are formulating our own political platform in order to form a leftist party for young people."

"We cannot surrender the field to our opponents, permit ourselves to be surprised by those who want to throw the party out of the plants," said Eugeniusz Zarecki, first secretary of the Factory Committee at Rudna Mining Plant.

During the discussion, attention was drawn to the two election campaigns—for delegates to the congress and to the local self-governments—preparations must be made and leaders found.

Rzeszow: First Secretary Elected

90EP0152D Warsaw TRYBUNA LUDU in Polish
17 Oct 89 p 4

[Article by Ryszard Zatorski: "Rzeszow Voivodship Committee Plenum"]

[Excerpts] During the plenum of the Rzeszow Voivodship Committee on 16 October 1989, in which Leszek Miler, member of the Politburo and secretary of the Central Committee, participated, the discussants considered the condition and state of the voivodship organization prior to the congress. [passage omitted]

Is the PZPR the left? During the formation of people's power, it definitely was the left; later it became increasingly conservative. A party may be called a workers' party without having the support of the workers. This was the danger noted, for example, by Stanislaw Szustalik from Kolbuszowa.

"We continue to make mistakes," noted Stanislaw Krasta, first secretary of the Factory Committee at the Rzeszow Transportation Equipment Plant, "instead of conducting political struggle we wage a struggle within the party." He also reported the desire of his plant organization for the congress to be held in two parts. Making it possible for consultations and discussions of the program plans and of the charter in the basic party organization to be held during the break.

The plenum accepted Franciszek Karp's request to relieve him of the position of first secretary of the Voivodship Committee, which he has held for nine years. The resignations of Zenon Cyprys and Wlodzimierz Bonusiak as secretaries of the Voivodship Committee were also accepted.

The Executive nominated two candidates for the position of first secretary: Wieslaw Ciesielski (age 36) head of the science, education, and culture section of the Rzeszow Voivodship Committee, a cybernetics specialist, doctorate in economics, and Marek Wiczorkiewicz (age 42) deputy head of the socio-legal section of the Central Committee, with a degree in electrical engineering.

During the previous weeks, during consultations with both candidates, Marian Skubisz, organizational secretary of the Voivodship Committee, was also nominated locally. At the plenum, however, he declined to be a candidate.

In a secret ballot, Wieslaw Ciesielski was elected first secretary of the Rzeszow PZPR Voivodship Committee. He received 51 of the 78 valid votes to 27 for Wiczorkiewicz.

Ciechanow: Babicz First Secretary

90EP0152E Warsaw TRYBUNA LUDU in Polish
23 Oct 89 p 2

[Article by Tadeusz W——: "The Goal: Strong—With Society's Support"]

[Excerpt] The first item of the PZPR Voivodship Committee plenum on Saturday was the election of a new first secretary. Kazimierz Paryszek asked to be relieved of his duties because he intends to retire. The members of the plenum accept his request.

Two candidates for the position of first secretary were nominated by the Executive from among the current secretaries: Bogdan Babicz and Lech Ciarkowski. Bogdan Babicz was elected during the secret ballot and received 43 votes. Lech Ciarkowski received 20 votes.

Bogdan Babicz (age 39) was born in Raciaz (Ciechanow voivodship), and has a degree in education. He has worked, among other things, as a teacher and assistant director of a school, then he became first secretary of the Nasielsk PZPR City and Gmina committee and a secretary of the Ciechanow PZPR Voivodship Committee. He is married and has three children.

The members of the plenum sincerely thanked Kazimierz Paryszek for directing the voivodship organization for the last six years.

During the discussion of efforts leading up to the 11th congress, the following comments, among others, were made:

"We support a Polish leftist party gaining society's support for a democratic program, progress, humanism, for a party whose basic goal is the beneficial development of the Polish state, whose interests are identical with the interests of the working people," emphasized Bogdan Babicz, the newly elected first secretary of the Voivodship Committee.

Jozef Finik, first secretary of the Ciechanow PZPR City Committee, drew attention to the fact that rank-and-file members of the party today feel lost. The leadership of the PZPR has not presented its own program to the broad ranks of the membership. There are, however, many varied "levels" and ideological trends which are frequently represented by small groups of supporters. He was critical of the election rules for selecting delegates to the 11th Congress. [passage omitted]

Olsztyn: New First Secretary

90EP0152F Warsaw TRYBUNA LUDU in Polish
24 Oct 89 p 2

[Article by SOB: "Reject the Past Completely or Preserve What Is Good"]

[Excerpts] The members of the Olsztyn PZPR Voivodship Committee concentrated their attention on preparations for the congress and organizational issues during the plenum on 21 October 1989.

Andrzej Baltroczyk expressed the conviction that the program declaration of the future party must respond to all the questions that the members of the PZPR are now asking themselves.

Krzysztof Ziembinski claimed that in ending the operations of the PZPR, it is necessary most of all to evaluate yourself. That will also be important for those who want to become members or supporters of a new party. More time, especially now, must be devoted to meeting with people from the lowest basic organizations. [passage omitted]

The plenum of the Voivodship Committee accepted the resignation of Tadeusz Jelski from the position of first secretary and the resignations of the secretaries: Mieczyslaw Kubicki, Leszek Stankiewicz, and Grzegorz Nowicki. Leon Szelag (age 42) was elected the new first secretary in a secret ballot. He holds a doctorate in economics. Grzegorz Molik (age 43), doctor of philosophy, was elected a new secretary of the Voivodship Committee.

Opole: First Secretary, Committee Changes

90EP0152G Warsaw TRYBUNA LUDU in Polish
25 Oct 89 p 2

[Article by Ryszard Augustyn: "Opole PZPR Voivodship Committee Plenum"]

[Text] Zbigniew Michalek, member of the Politburo and secretary of the Central Committee, participated in the plenum of the Opole PZPR Voivodship Committee held on 23 October 1989. The principal topic of the deliberations was the effort of the voivodship party organization to prepare for the 11th PZPR Congress.

After a brief discussion, a resolution confirming the membership of the voivodship congress commission and approving its work was adopted.

The attention of the participants, however, was focused on personnel changes in the leadership of the Voivodship Committee. Eugeniusz Mroz, the current first secretary, who has served in the position since 1981, announced his retirement several weeks ago. Edward Bochynski and Zdzislaw Kabza, the secretaries of the Voivodship Committee, also have announced their resignations.

Four candidates sought the position of first secretary: Andrzej Namyslo, a scientific employee at the Higher School of Engineering in Opole, Marian Magdziarz, a secretary of the Voivodship Committee, Kazimierz Suchecki, a secretary of the Voivodship Committee, and Jerzy Szteliga, an inspector of the Science and Education Section of the Voivodship Committee.

After the first round the results of the elections were not settled since none of the candidates received the required majority. J. Szteliga (35 votes) and K. Suchecki (17 votes) went through to the second round.

From among the four candidates selected during the consultations in the local areas, the Voivodship Committee elected Jerzy Szteliga (age 36) first secretary in the second round of secret ballots. He comes from a worker family. He has recently worked as an inspector in the science, education, and scientific and technical progress section of the PZPR Voivodship Committee.

Wroclaw: Kedzia First Secretary

90EP0152H Warsaw TRYBUNA LUDU in Polish
28-29 Oct 89 p 4

[Article by Czeslaw Cyrul: "Wroclaw PZPR Voivodship Committee Plenum"]

[Text] The tasks of the voivodship party organization prior to the 11th congress were the subject of the plenary deliberation in Wroclaw.

During the first part, Zdzislaw Balicki, the current first secretary, asked to be relieved from his current obligations because the Central Committee has chosen him to be a secretary of the Central Committee. The plenum accepted his request.

There were two candidates for the vacated position of first secretary: Boguslaw Kedzia, a professor at the Wroclaw Polytechnic, a former rector of the institution, recently head of the Science and Education Section of the Central Committee, and Marek Mazurkiewicz, a docent in the Law and Administration Department of Wroclaw University, first secretary of the University PZPR Committee. Boguslaw Kedzia, was elected first secretary in a secret ballot.

During the remaining portions of the deliberations, the pre-congress tasks facing the voivodship organization were confirmed for implementation. The plenum also approved the membership of the voivodship congress commission, and Marek Mazurkiewicz was elected its chairman.

Zbigniew Michalek, member of the Politburo and secretary of the Central Committee, speaking at the close of the plenum, characterized the course of the discussion preceding the congress. He said that the party had ceased to be a "state party," and it will no longer identify itself with all of the economic and political decisions made in the country. He drew attention to the fact that the complicated political situation in rural areas and outlined the basic tasks, including supporting family farms, facing the party in the rural areas.

Journalist Association on Pluralism, Alternative Groups

90EP0168A Warsaw PRASA POLSKA in Polish
No 8, Aug 89 p 2

[Editorial: "Confrontation or Cooperation"]

[Text] On 26 and 27 June 1989, after being granted legal status, the general meeting of the Association of Polish Journalists was held in Warsaw. It is the second organization, in addition to the Association of Journalists of the People's Republic of Poland, of individuals earning their living as journalists in the press and other mass media. The congress named a 50-member council, including a 15-member board. In open voting, Stefan Bratkowski was elected president, and Maciej Ilowiecki and Jerzy Surdykowski were elected deputy presidents. Dariusz Fikus was elected the secretary general in the same manner.

The resolution adopted by the congress described the basic program tasks of the Association of Polish Journalists. Among them are efforts on behalf of social control of the mass media, a proposal for a new information order, an independent information agency, the formation of a daily or weekly for the Association of Polish Journalists, the ending of censorship, and instituting training for journalists.

This program does not significantly differ from the one being implemented by our association which makes cooperation in the future possible with undoubted benefits for society and the journalist community. Such cooperation may occur on the condition that reality is respected. The reality is that the Association of Polish Journalists is a new organization although it appears under an old name. Below we print the text of the position of the Presidium of the Main Board of the Association of Journalists of the People's Republic of Poland.

The Main Board of the Association of Journalists of the People's Republic of Poland Meets

On 30 June 1989 at the Journalists' House in Warsaw, the Main Board of the Association of Journalists of the People's Republic of Poland held a meeting in which the chairmen of the 19 section boards participated. They discussed the situation in the Polish journalists' movement in light of the social and political changes in the country. They drew attention to the fact that many of the obstacles which journalists have encountered in their work recently derive from, among other things, the complex social and economic situation.

In conjunction with the registration and the first congress of the newly formed, second journalists' organization, the Association of Polish Journalists, they discussed the repercussions for the Association of Journalists of the People's Republic of Poland of the genuine pluralism in the journalist community. They

recalled that the Association of Journalists of the People's Republic of Poland called for and calls for social and political pluralism, and the position of representatives of the Association of Journalists of the People's Republic of Poland during the deliberations of the roundtable accelerated the decisions concerning recognition of openness in the social means of communication, changes in the press law and the censorship law, and the formation of the Social Reconciliation Commission.

In spite of the fact that organizational divisions in the journalist community are not desirable, the desire to form a second association arouses understanding, although the confrontational statements of some colleagues made during the first congress of the Association of Polish Journalists are cause for concern among the members of the Association of Journalists of the People's Republic of Poland. They cannot contribute to the appropriate representation of the professional and creative interests of the community in the state forum.

The Presidium of the Main Board of the Association of Journalists of the People's Republic of Poland believes that the fundamental obligation of each journalist movement is to defend the creative and professional rights and the creation of the appropriate working and living conditions for journalists. The Association of Journalists of the People's Republic of Poland, while maintaining the independent character of the organization, remains open to cooperation especially in representing the joint interests of journalists.

The Secretary General of the Main Board of the Association of Journalists of the People's Republic of Poland on the Registration of the Association of Polish Journalists

In conjunction with the registration on 12 June 1989 of the Association of Polish Journalists, a PAP reporter asked Andrzej Ziemiński, secretary general of the Main Board of the Association of Journalists of the People's Republic of Poland, for a comment.

A. Ziemiński stated that the registration of the Association of Polish Journalists is a confirmation of the pluralist tendency that has existed and exists in the journalist community. The Association of Journalists of the People's Republic of Poland when it was formed in 1982 wrote the continuation of the tradition of all of Polish journalism, including the Association of Polish Journalists, into its charter and its program. In its practical efforts, the Association of Journalists of the People's Republic of Poland has displayed two principal elements: the continuation of traditions, especially since among the 9,000 members of the Association of Journalists of the People's Republic of Poland there are about 7,000 former members of the Association of Polish Journalists, and also practical pluralism; in the Association of Journalists of the People's Republic of Poland there are journalist party members and also unaffiliated journalists, including some from the Catholic press.

The journalist members of the Association of Journalists of the People's Republic of Poland received the deliberations of the roundtable with satisfaction; their results created an opportunity for greater representation of our community's interests. Our representatives have spoken about this in recent months on many occasions and drawn attention to the fact that a multiplicity of organizations in our community should serve to resolve its most pressing professional and creative problems and not be a field for confrontation.

The registration of the Association of Polish Journalists can be the sign of organizational pluralism in the journalist movement. We should hope that it will contribute to effective resolution of important problems for society and journalism.

POLITYKA Weekly News Roundup

90EP0177A Warsaw *POLITYKA* in Polish
No 45, 11 Nov 89 p 2

[Excerpts]

National News

[Passage omitted] A group of experts has commented on the construction of the nuclear power plant in Zarnowiec. Half of them were for, and exactly the same number were against. The government will receive two contradictory opinions and will have to make the final decision.

The 16th plenum of the PZPR Central Committee met. It forwarded the program theses and the plans for the charter for discussion.

On 30 June 1989, the population of Poland reached 37.8 million, the seventh largest in Europe. In urban areas, there are 23 million and in rural ones, 14.6 million. The number of births has declined, and the number of deaths has increased; as a result, the population growth rate has declined (0.51 percent, the lowest since the war); nevertheless, Poland is still third behind the Soviet Union and Romania. [passage omitted]

At a meeting with the leadership personnel of the Military Technical Academy, Leszek Miller, member of the Politburo and secretary of the Central Committee, spoke about the three program currents that have appeared during the course of the pre-congress discussion: "first, social democratic, even rejecting Marxism; second, socialist, rejecting Leninism as the foundation of Stalinism; third, the Leninist current, which picks up on the theses that have for years been the bases for the operation of the socialist system. Significantly, there are no representatives of extreme leftist views or revolutionary sloganeering."

The city fathers of Krakow have demanded the Lenin Steelworks limit the production of steel to 3 million tons annually beginning 1 January 1990. The limitation is to remain in force until the works complete essential environmental protection measures.

In January 1990, prices for wood are to shift to a market system. The most recent price increases were 40 percent in August and an average of 140 percent in the middle of October.

Who's Who News. Gen Div Henryk Dankowski, the under secretary of state in the ministry of Internal Affairs, has been named the first deputy minister of internal affairs; Gen Brig Zdzislaw Sarewicz has been named the head of intelligence and counterintelligence of the Ministry of Internal Affairs; Col Doc Dr Jerzy Karpacz is head of the security services. Jaroslaw Kruski, (age 26) of TYGODNIK GDANSKI has been named the new press spokesman for Lech Walesa. Piotr Nowina-Konopka (age 40), the previous press spokesman, has been named minister of state (the other individual named to this rank is Jozef Kozioł (age 50), a ZSL activist, deputy premier in Z. Messner's government). Slawomir Tabkowski, former editor in chief of GAZETA KRAKOWSKA and more recently head of the information policy section of the PZPR Central Committee, has been named the new president of Prasa-Ksiazka-Ruch Workers' Cooperative Publishing House; Zdzislaw Balicki, deputy member of the Politburo and secretary of the PZPR Central Committee, has been named chairman of the supervisory council of the Cooperative Publishing House. Wieslaw Rydygier, the previous president of the Cooperative Publishing House, has retired. [passage omitted]

Malgorzata Niezabitowska, government spokeswoman, reported data on the finances of political parties at a press conference. In 1989, the PZPR has received 13 billion zloty from the state budget; it received profits from Prasa-Ksiazka-Ruch, which benefits from tax exemptions; it also received a low-interest loan of 18 billion zloty. The ZSL received 600 million zloty from the state budget and also benefited from tax exemptions and low-interest loans. The situation was similar for the SD, but it received 455 million zloty. A. Hall and M. Dabrowski, ministers at the press conference, gave assurances that subsidies and exemptions for the parties had ended. To the question: and what about subsidies from abroad, foreign financing? Minister Hall responded that the issue of party financing has not been settled: "Personally, I think that it is necessary to show understanding for external financing. It is common practice for groups of similar ideological backgrounds to help each other. Especially when new forces are being created in other states."

Beginning 15 November 1989 in Warsaw, the cost of city transit is rising. A single fare on a street car or bus will cost 120 zloty; an express bus, 240 zloty; a night fare, 600 zloty. [passage omitted]

On the Left

[Passage omitted] Nika TV, independent television, has opened studios in Leningrad, Tashkent, Perm, and Alma-Ata; more studies are to be formed in Vladivostok, Odessa, and the Baltic republics. It will appear on central

television at the beginning of 1990. It is to be controlled by a Supervisory Council composed of people's deputies and representatives of the founders, including the Central Committee of the All-Union Lenin Communist Youth League, the Union of Film Directors, and the management of Novosti Press Agency. The founder Nikolay Luchenko holds a doctorate in history and is an orientalist at the Institute of the Far East.

In Sofia, a Bulgarian section of the International Helsinki Committee, supervising the implementation of the CSCE agreements, has been founded. The writer Marko Ganchev is the chairman of the Bulgarian committee; his deputy is the journalist Georgi Spasov, spokesman of the Independent Podkrepa Professional Union. The Ekoglasnost Independent Ecological Movement, which collected 10,000 signatures to a petition to parliament demanding a halt to investments damaging to the natural environment, has organized a demonstration which, for the first time in postwar history, the Sofia authorities permitted.

Milan Hubl (age 63), a historian and one of the leading Czech opposition figures, died in unexplained circumstances. He was found dead on the stairs of the building in which he lived.

The Supreme Soviet has confirmed the new USSR budget, reducing expenditures for arms and investments to produce a 50 percent reduction in the 120 billion budget deficit. The deputies rejected a proposed 10-percent reduction in the budgets of TASS and Novosti and for radio and television. They also rejected proposals to introduce price increases for cigarettes, beer, and luxury articles into the plan and budget for 1990.

The Communist Party of Lithuania desires to separate from the CPSU and declare its independence, Moscow radio reported. The radio quoted Algirdas Brazauskas, the leader of the Lithuanian Party, who said that "the economic independence of the republic also demands appropriate moves in the political arena." [passage omitted]

The militia broke up a demonstration organized by the Association for the Remembrance of the Victims of Stalinism (Memorial). More than 1,000 individuals with lit candles gathered near the headquarters of the KGB near the Lubianka prison to express their tribute to their relatives persecuted during the Stalinist era. "We want to convert the prison on Lubianka into a museum to the victims of political terror in the USSR," said the poet Yevgeniy Yevtushenko.

The Hungarian parliament finally resigned from the completion of the power plant on the Danube, where construction had earlier been halted, that was being built in conjunction with Czechoslovakia and Austria. "Ecological reasons played no part, rather political ones dulled the common sense of many Czechoslovak and Hungarian ecologists who have shown for years that the investment on the Danube does not threaten the environment," writes RUDE PRAVO. In Vienna, the decision of the Hungarian parliament "has caused shock in business circles." [passage omitted]

"When the official press is freeing itself with great difficulty from the cocoon of aged stereotypes and at least partially is jettisoning earlier taboos, the independent LIDOVE NOVINY is for us an example and a model of the implementation of the widely proclaimed openness and access to information. It is lively, an essential part of freedom of the press and information; it implements in practice the Helsinki right to obtain, possess, and distribute all types of information." A fragment of the letter to the authorities signed by more than 100 journalists demanding the release of the two editors of the unofficial LIDOVE NOVINY. In Czechoslovakia, it was reported, there are 129 titles without official approval. Of them, 61 are published by political groups, 39 are cultural journals, 24 are religious journals, and 5 are published by former activists of the CPCZ of the Prague Spring era. [passage omitted]

Opinion

[Passage omitted]

Hieronim Reimus, director of the District Office for the Control of Publications and Performances:

(Interviewed by Elzbieta Karasiewicz, GLOS SZCZECINSKI)

[Question] Recently, the Office for the Control of Publications and Performances was again placed under the control of the government.

[Answer] Yes, that is the case. I wish the new government well; thus, I want to recall an observation from this era. I remember the criticisms of the ministers who, having the power to shape a particular pattern of information in circulation about their ministries, camouflaged and protected their own indolence. Obviously, the situation is different because the government's dependence on the Sejm and Senate limits this power; nevertheless, these tactics may return. [passage omitted]

The opinions and views cited in this section do not always agree with those of the editors.

CZECHOSLOVAKIA

Costs of Agricultural Production Questioned

Spending Effectiveness Discussed

90EC0088A Prague HOSPODARSKE NOVINY
in Czech 29 Sep 89 p 8

[Article by Engineer Josef Hlavac, JZD [unified agricultural cooperative] Budoucnost, Blatnice: "A Deceptively Simplified Evaluation: What Is the Cost Level of Our Agriculture?"; first paragraph is HOSPODARSKE NOVINY introduction]

[Text] The question of the level of cost of agricultural production in Czechoslovakia has recently come considerably to the fore. Authors working outside the agricultural sphere use the example of the advanced capitalist countries to document the low effectiveness of the resources expended here, but farmers reject this view (see, for example, articles in HN [HOSPODARSKE NOVINY] Nos 5, 26, and 31/1989). Today we get the opinions of the chief employees of two prospering agricultural cooperatives, which should make it possible for the readers to orient themselves better in this argument.

The overall level of Czechoslovak agriculture places us among the top countries in the world. The degree of self-sufficiency in the production of temperate zone foodstuffs reached roughly 98 percent, with a considerable increase in consumption. For example, at the beginning of socialization consumption was at 29 kg of meat, 173 kg of milk, and 114 eggs per person [per year]. Currently it has grown to 91 kg of meat, 252 kg of milk and milk products, and 337 eggs. These positive results were also achieved with a decrease of 10 percent in agricultural land and a 60 percent reduction in permanently employed workers. This bears witness to the correct and successful nature of the policies of development of socialist production relationships in agriculture.

The need to build a new large-scale production base was connected with the decision to socialize agriculture. This results in a higher level of investment in comparison with the advanced capitalist countries of Western Europe. For this reason we also have a larger share of buildings and structures in the overall investment. The fact that silage, hay, and straw are not kept under a roof or in appropriate installations testifies to the fact that agriculture is not overinvested.

Greater extents of land are assigned to our equipment than in the countries of Western Europe. For example, in the CSSR one tractor is assigned per 50 hectares and in the FRG it is eight hectares of agricultural land, which testifies to the lower level of equipment available, but also to the higher utilization of the machinery, which in itself brings (even more so with the slower turnover in machinery) a greater need for repair capacity and spare parts. The equipment level of an agricultural employee here is approximately six times less than in advanced capitalist countries.

Compare the Comparable

Our agriculture is blamed for a number of deficiencies. One of the most serious is the high cost of production and its effect on the costs of foodstuff products and the prices of food. In 1988 in our JZD Budoucnost Blatnice, the share of wage costs in the overall costs was 11.7 percent, and the share of financing costs was 8.3 percent. The remainder of the costs, that is, costs for materials, was 80 percent. If we compare the growth in the prices of inputs with their value, we discover how the increase in prices shows up in the costs for agricultural production. For example, the prices of tractors have grown by 75 percent in the last 15 years, and at the same time there has been no substantial increase in their performance nor has the consumption of fuels been reduced. One could similarly use the example of petroleum, where the price grew with the increase in world crude oil prices, but with the drop in world prices it did not go down; on the contrary, on 1 July 1989 there was a further increase. Because of the spread-out nature of production in agriculture and the resultant high consumption of petroleum products, the unfavorable impact of this growth is substantially higher on the costs of agricultural production than is the case for industry.

The quality of the inputs also has a significant share in the cost of production. A good example is the consumption of feed mixtures. The usefulness of animals is stagnating, while under substantially the same production conditions the average consumption of feed mixtures is increasing. Moreover, the high proportion of grains in them causes a strain in self-sufficiency in grain production because of the lack of suitable components for their production. To show that this problem is not being comprehensively resolved, one can point out the simultaneous existence of two norms which differ considerably from each other (CSN [Czechoslovak National Standard] 467070 The Need for Nourishing Domesticated Animals, and ON [Operating Standard] 467005 Feed Mixtures). One must add to this the fact that only about 70 percent of feed grain needs are being met. One also cannot ignore the fact that in the last 15 years the price of purchased feeds has gone up by 50 percent.

The price per unit of nutriment in purchased artificial fertilizers has also gone up in the same way. At the same time the makeup of the supplemental fertilizers does not meet enterprises' requirements. In such a situation is it possible to blame just the farmers for the high costs of agricultural production, or do the expensive and often poor quality inputs from the other branches also bear some of the guilt? Is the situation with the efficiency of agriculture not also a reflection of the level of the branches supplying the inputs? To compare the cost level of our agricultural production with the cost level in the FRG by using an exchange rate of 4.35 korunas to 1 Deutsche mark [DM] in a situation where the agricultural enterprises use their own foreign exchange resources to import equipment, chemicals, and new

technological production lines at the current exchange rate of about 8 korunas to 1 DM seems to me to be incorrect.

In comparing the level of our agriculture, it is always pointed out that we have a low productivity of labor in comparison with the advanced capitalist countries. Within the CEMA frame of reference we have, along with the GDR, the highest rating in that indicator. A comparison with the capitalist countries comes out badly for us, but are we comparing comparable things?

The number of employees in agriculture is significantly affected by the division of labor between that branch and industry and services. In the West European countries agriculture is mostly limited to the narrowest agricultural production and it is often the practice that the supplier of inputs also directly applies them. For that reason part of agricultural production is carried out by the secondary or even tertiary spheres.

Here the exact reverse is true. A great number of employees are involved in auxiliary operations such as repair work, transportation, and capital construction. The number of employees in non-agricultural operations and in foodstuff production is systematically growing. We further operate trade activities, kindergartens, and plant dining facilities, and we perform research and development activities with all these operations, drawing employees out of the agricultural department. We also have to add to them part of the technical and economic employees in administration and management since part of their work time is utilized to support the operations named above.

In 1980 in our JZD, 45 percent of the employees worked in conventional agricultural production and 55 percent of the permanently employed workers worked in the other activities, but in 1988 this ratio was up to 37 percent in agriculture and 63 percent in the other operations. Another factor affecting the productivity of labor is the length of the work day. Here the farmer daily works roughly nine hours, while in the Western countries the farmer and members of his family work 12 to 13 hours daily on the farm.

I think that with a precise quantification of the above considerations we would show a higher hourly productivity of labor here in conventional agricultural operations. If, since socialization of the village, we have succeeded in bringing the living conditions (including working hours) of the peasants and the workers closer together, and we have gotten rid of the differences in the standard of living between the town and the village, we should also respect this fact (which the advanced capitalist countries are just now attempting to achieve) in any comparison of the productivity of labor.

The merits of socialist large-scale agricultural production cannot, however, fully show up in the productivity of labor, as long as we do not achieve at least the same quality of technical and biological inputs from the supplying branches as in the countries with whom we are

compared. The productivity of labor of one branch always depends on the productivity of labor of the entire national economy.

What Do Loans Tell Us?

The growth in the productivity of labor and the concurrent reduction of costs for production and overhead is handled in our cooperative by the relation of the volume of wage resources to the profit of the economic center. With an output of 215 million korunas, we have 49 economic centers with a plan worked out up through profit and the material incentives connected with it. For the economic center to maintain the same claim for wage resources as in the previous year, it must increase the productivity of labor by two to five percent, depending on the nature of the center's production. The growth in wage resources is possible only by a previously established percentage of the growth in profit.

Agriculture is often blamed for the high government subsidies for foodstuffs. However, these items are subsidized almost everywhere. For example, the EC countries subsidize foodstuffs by 45 percent. The amount of subsidy applied here differs significantly depending on the individual sources from 24 billion up to 135 billion korunas.

The need to subsidize the price of foodstuffs is not just a matter for the farmers. The social policies of the state also have a bearing here. If the prices of foodstuffs had grown as rapidly as the prices of the inputs into agriculture, the subsidies would have been substantially lower. Considering the fact that in comparison with the other advanced countries we have foodstuff prices that are at approximately the same level, the pressure for reducing the subsidies to foodstuffs should be directed at lowering the prices of the inputs into agriculture, and thus at the reduction of the purchase prices of agricultural products.

Resources created by conventional agricultural production are not adequate for financial support of the necessary inputs to the agricultural enterprises. The foremost cooperatives, therefore, are constantly searching for and developing non-agricultural activities as part of their socialist entrepreneurship. These activities are oriented toward primary, secondary, and tertiary spheres.

As examples one can cite the extraction of building materials, wood processing, engineering, electronics production, and investment activities. The agricultural enterprises build and operate their own commercial, restaurant, and engineering centers. They also act in a broad field of activities involving foodstuff production and providing services to the populace.

From this list it is obvious that a consequence of their broad economic orientation is a reduction in the impact of the effectiveness of conventional agricultural production in the creation of resources, and for many enterprises the profit from non-agricultural activities far exceeds the profit (or, in some cases, the losses) from agricultural production. The systematic introduction of

new products makes it possible for us to exceed the planned creation of resources.

We utilize these resources responsibly for the further expansion of the production base, both in the preparation of new production programs and in setting up investments, since we need to build new production areas and set up the necessary technological equipment for new operations. I believe that increasing the creation of resources makes sense only when we can put these resources to work in the production process in as short a time as possible. To create financial resources only for a higher bank account should not be the goal of any enterprise's management.

If an enterprise is managing without loans, it is not possible to blame the enterprise for being outside the reach of the bank's control, and likewise when an enterprise has a heavy debt burden it is not possible to take that as clear proof of poor enterprise management. Both of these situations can be a manifestation of a positive and a negative state in the management of the organization. There is, however, a difference in whether the enterprise has money in its accounts because it is creating resources for the introduction of new and highly effective production with a high initial financial input, or if it has financial resources left over because it is not taking any initiative. Or, in the opposite case, if the enterprise has a debt burden because it is introducing new and financially costly production programs which in the future will be highly effective, or if it is only using credit to cover the costs of poor results in its economic activities (for example, to cover the supplies of productions which do not sell).

One can see from this that it is very problematical to evaluate an enterprise according to the state of its financial resources without any knowledge of its specific development. To evaluate an entire branch of the national economy according to this indicator is even more misleading.

Taxes Threaten Initiative

It is likewise not entirely objective to state that agricultural cooperatives have a high level of reserve funds, and that it is possible or even necessary to utilize these resources for integration with the foodstuffs enterprises for the development of the foodstuffs industry, or simply to take them away from the agricultural enterprises by a change in the tax obligations. In the more advanced cooperatives the financial resources tied up in reserve funds do not serve as a reserve for harder times, but have been utilized as a source for covering the cash flow. Starting this year, when it is possible to carry all financial resources in one account and the remainder of the development fund likewise covers the need for cash flow, the reserve fund has lost its purpose for us. However, this is not at all true of the financial resources tied up in it.

Stability of the economic conditions is an important prerequisite for the development of enterprises and their entrepreneurial activities. If we want initiatives to be a

common part of the behavior of enterprises and cooperatives, we should not blame those who operate that way for the fact that the resources thus created are put into further development, and this certainly should not be a reason or excuse for increasing the tax obligations. This could lead to a situation where enterprises are put off from initiatives even before they start them.

The fact that agricultural enterprises in many cases effectively produce very demanding products in their non-agricultural activities and are capable of competing in terms of quality and price with specialized enterprises, in some cases with monopolistic manufacturers, taking them into a cooperative production relationship, testifies to the fact that here we are producing at a lower cost, or at least at the same cost, as the specialized manufacturers. I assume that if the agricultural enterprises were accustomed to wasting or otherwise uneconomically handling their inputs to production in their agricultural activities, they would also not be capable of effectively managing their non-agricultural activities. And from this fact I determine that the problem of the high costs of agricultural production cannot be solved just with the farmers, but must also involve the suppliers of the inputs.

The unfavorable impression that appears in comparing our agriculture and that of the FRG also stems from the fact that it is divorced from the situation in our entire national economy and only one branch is compared. I am convinced that if we were to compare all the decisive branches of the national economy the view of the results of agriculture in the context of the results of the other branches, the results would be much more favorable.

Improvements, Savings Viewed

*90EC0088B Prague HOSPODARSKE NOVINY
in Czech 29 Sep 89 p 9*

[Article by Eng Jiri Travnicek, vice chairman of JZD Mir, Prace: "Looking for Guilt in the Innocent"]

[Text] The integration of 10 cooperatives and two farms of the Semenarsky State Farm with JZD Mir in Prace created an economic entity whose most important production base is its 6,000 hectares of intensively worked agricultural land. Currently, the developmental concept of the cooperative has stabilized on the combine structure, whose main link will continue to be agricultural production, with the feature that its production base will be reinforced by the other areas whose finished production is predominantly oriented toward meeting the needs of agriculture in the CSR [Czech Socialist Republic]. Part of the combine structure of the JZD is also made up of foodstuff production, together with the direct input of foodstuffs and agricultural products to the market as part of their own commercial activities.

The Given Task and Compensation

The level of economic activities achieved by the cooperative is characterized on the one hand by the volume of

production which, according to this year's plan, should reach 650 million korunas, and on the other by the profit, which is planned to be 42 million korunas. Under the conditions and rules applicable since 1988, that represents a growth of 500 million korunas in output and 50 million korunas in profits, as compared to the initial year of the Seventh Five-Year Plan.

The organizational and management structures of the cooperative stem from a three-level system of management in the enterprise: the plant, the sector, and the center. In connection with the restructuring of the economic mechanism for 1989, the structures within the enterprise were made clearer and operate divided into six plants, 17 sectors, and 117 economic centers. The economic section and staff elements of the cooperative chairman and vice chairman have jurisdiction throughout the enterprise. The economic structure is formed in connection with the organizational set-up and is based fully on *khovrazhet* [cost accounting in a self-financing unit] principles. Each of the three levels of organization also carry out the function of a *khovrazhet* production unit which works out its own production and financial plans up through the creation of economic results, while taking into consideration the developmental concept and economic directives issued by the cooperative's management.

The cooperative's plan is then created by drawing together the plans of the individual centers, sectors, and plants. This system makes it possible to draw in the management and technical and economic employees at all levels into the process of planning within the enterprise, and creates the conditions for the direct and active participation of entire work collectives in forming the plan.

Detailed intra-enterprise rules worked out down to the last detail (they are part of the organizational regulations of the cooperative) precisely lay out the procedure for creating internal and external relationships, the authority and responsibility of the managers at the individual levels of control, and the system of motivation and penalties for mutual fulfillment within the enterprise. Each *khovrazhet* unit has an amount of wages established by the plan and a regulatory coefficient to adjust a recalculation of the claimed wages in relation to the economic results.

The work collectives know the basic goal of their economic activities and the rewards for their work. These are paid to them routinely according to the tariff system, including routine bonuses. When the claimed wages are exceeded, the collectives have the variable portion reduced, and if it is not straightened out with the plan, then the amount of excess is covered by reducing or taking away the part of the compensation based on results.

Wage differentiation within the work collectives is a new element of the compensation system based on distribution according to a coefficient of the work of the individuals. The entire work collective decides on the establishment of the coefficient in this process.

The Costs Are Known

Restructuring of the economic mechanism creates a very demanding external economic environment for agriculture. There would be no harm in this, and it would meet the political directives and the goals of restructuring if this increased level of demands brought with it an objectively increased pressure for economizing and for reducing the overall integral costs at those points which are decisive for it.

Does the restructuring of the economic mechanism in the management of agriculture actually pursue this goal, however?

Currently the majority of the agricultural enterprises throughout the republic are asking themselves this question, and we asked it of them too. But we have to raise it by saying that at the 17th CPCZ [Czechoslovak Communist Party] Congress and in a number of documents which were connected with it there was a warning that the farmers are producing at too great a cost. To the uninitiated consumer this meant that the farmers' lack of economizing made it impossible to reduce the costs of foodstuffs, and instead increased them.

It was never true in the past and is not true today that farmers are considered to take an indifferent or casual attitude to the needs of society. The traditions of the start of socialization of the village, whose 40th anniversary we are celebrating this year, as well as the results which socialist agriculture has achieved, are proof of this. We therefore want to deal honestly with this question now as well, when the entire society is in motion and when acceleration of the social and economic development is being decided upon as a historic necessity for the further development of socialism.

In the introductory part of my article I likewise attempted to depict the current developmental stage of our JZD, the level achieved in its production, and its internal organization and economic features. This is because it represents something more than the average cooperative in the same area, and it therefore logically bears the fluctuations of external influences better.

We have achieved a certain lead in resolving the existing questions of current and future development mainly through the diversification of the production structure, which for almost 15 years has produced additional resources which we could use to modernize fixed assets, for R&D, and for increasing the productivity of labor and the intensification of production. Despite this, however, we have not achieved a reduction in the total production and distribution costs; on the contrary, the profitability of our JZD (in relation to production and distribution costs) has a long-term tendency to decline.

Because for us this development is not a matter of indifference from either the social or the enterprise standpoint, we are attempting to analyze it and to take

measures to adjust it. Khozrazchet planning and management in connection with a system of economic information carried out through our own computer equipment makes it possible to study the economic development of the individual khozrazchet units in detail. An analysis of the agricultural production sector gave us the following results:

We started with the conventional division of the cost items into three cost groups, that is, material costs, wages and other personal costs, and financial costs. In the plan for 1989, which is already under the new economic conditions, these three cost groups are represented as follows in the overall costs for agricultural production:

Material costs, including depreciation	51.5 %
Wages and other personal costs, including services on a nonmaterial nature	19.6 %
Financial costs	28.2 %

In order for us to work out an answer to the question of how to react to the economic pressures of the system, we also evaluated the individual cost items. Of the overall amount of material expenses, we were particularly concerned with the consumption of purchased materials and products. The substantive components of this group are: seeds, with a share of 4.54 percent of the overall costs; then fertilizer at 4.33 percent, chemicals at 2.95 percent, spare parts at 3.77 percent, feed at 11.18 percent, fuel at 3.86 percent, and other materials at 3.26 percent. They thus total 33.90 percent of the overall costs.

Where Can We Save?

We evaluated the individual items as follows: The relatively high costs for seeds are a given because of the requirement for their high biological quality. They represent the most important intensification factor for plant production. Reducing this cost item by using lower quality seeds would mean a significant decline in yield.

With regard to the economic aspects, we have already rationalized the nutrition and chemical protection of the plants in previous years. In material units we reduced the consumption of artificial fertilizers from 1,638 tons in 1986 to 1,308 tons in 1988. There are practically no other opportunities for further reducing the consumption (if we exclude a transition to a more extensive form of operation). However, there are still opportunities open for better utilization and increased effectiveness of artificial fertilizers. This is, however, dependent on the compositions in which they are supplied. Their current structure significantly reduces the effectiveness of the entire system of nourishment. (With an overall reduction in the consumption of artificial fertilizers in 1988 to 79.8 percent of that of 1986, the supply of nitrogen fertilizers increased to 128.8 percent, but phosphorus fertilizers dropped to 55.6 percent and potassium went down to 63 percent of the year to which it was compared.) The mutual relationships of the nutrients thus were in basic conflict with the principles of rational nourishment.

The situation is similar with chemical protective materials. The unavailability of some materials or their late delivery reduce the effectiveness of the entire integrated system of protection, and thus also the effectiveness of the resources applied. The largest item in this cost group is the consumption of artificially produced feeds. In the plan for 1989 this is increased by 11 percent as compared with the previous year's level, as a consequence of the restructuring of wholesale prices. The unit consumption in material units is constantly maintained at a level below the norm. A further reduction in consumption is purely dependent on an increase in the quality of the feed mixtures supplied and on their stabilization.

Two elements in the group of purchased materials and products, that is, spare parts and fuels, have a different nature. They do not have the nature of an intensification factor, and with the prerequisite of price stability it is possible to rationalize these cost items. This orientation is based on the plan for this year, the same as the energy consumption and the other material services.

Depreciation of fixed assets is also included in the group of material expenses in the method used. In our JZD they raise the cost level of agricultural production by more than 15 million korunas and constitute 8.54 percent of the overall expenses. This is a constant item determined by uniform rules. We do not see any great reserves in the level of depreciation rates (in contrast to other branches of the national economy). The quality and parameters of the equipment supplied do not make it possible to extend their useful life, and structures (especially those which were based on the "steel program") are exposed to a very hostile environment.

A composite evaluation of the first cost group showed that of the share of 51.6 percent of the total costs, the cooperative can directly influence the costs for energy consumption, transportation, communications, and the consumption of spare parts and fuels through its own activities (organization, management, material and morale stimulation, audits). The sum of those cost items amounts to 12.29 percent of the total costs. It can affect certain costs in other groups by roughly one-half, with a share of 1.63 percent in overall costs.

The second cost group, that is, compensation and other personal costs, including services of a nonmaterial nature, is subject to our direct influence. This group makes up 19.63 percent of the overall costs. The actual opportunities for savings here are, however, sharply limited both by the rules regulating compensation in JZD's and by the political and social aspects. The cooperative achieves a high, above-average productivity of labor (114,000 korunas in net production per permanent employee) with a continuously high growth rate which is reflected in the growth in material incentives.

The last cost group, financial costs, is determined purely by the center's economic tools and is outside the influence of the enterprise (insurance, contributions to social security, interest, a 50 percent tax on the amount of

wages and compensation). The newest and largest item in this group is the last one given above and represents 11.58 percent of the overall integral costs of the cooperative.

The enterprise's influence on these cost items can be effected by not increasing the use of labor, but not by reducing it. In our production structure with the available opportunities for the development of equipment and substitution for human labor, we are at the point of diminishing returns where a reduction in the number of employees, and thus in the amount of wages, would lead to a reduction in the intensity or to an increase in production, harvest, and handling losses or other negative effects.

Looking for Ways Out

This evaluation of the cost structure in our JZD leads us to the conclusion that of the overall total costs for agricultural production we can directly influence the following items by our own activities:

- Part of the material costs, representing 13.92 percent of the cooperative's overall costs;
- Compensation and other personal costs, including services of a nonmaterial nature, which total 19.63 percent of the overall costs.

This thus amounts to a total of 33.55 percent of the overall integral costs for agriculture in the JZD.

As a result of restructuring, in the JZD as a whole there will be a reduction in the creation of our own usable resources of 13,467,000 korunas as compared with last year, despite the fact that the plan for 1989 (with comparable rules and prices for 1988) has us increasing the JZD's output by another 14 million korunas.

This is a consequence of, among other things, the fact that our capability of reacting to the economic pressure of the system involves only one-third of the overall costs, while the remaining two-thirds operate totally outside the JZD and are matters of the continuous and long-term increases in the price of the inputs. The economic pressure of the system on economizing and efficiency are thus improperly directed by two-thirds, and are therefore ineffective by that proportion. It has the consequence, however, of reducing the formation of our own usable resources. This results in either limiting the opportunities for self-financing or a significant slowing down of the growth rate in production.

Under our specific conditions there is yet a third path, which is a further permanent inclusion of non-agricultural programs in the cooperative's operations. Even though under the currently applicable conditions of restructuring the profitability of other economic activities is significantly reduced, they form only a certain fraction of the resources.

We cannot do anything other than hold to the thesis that has recently often been expressed by the representatives

of the management center and the representatives of the scientific world. According to them, it is not profitability that is supposedly the decisive factor for the enterprise, but the sum of the resources which its activities create.

In our, possibly a layman's, opinion this is not the path to intensive development. However, it is also a path by which we can, under the current complex conditions, produce in agriculture at a level which meets the growing needs of society without burdening the next generation of farmers by limiting investment in the soil, in ecology, in modernization of fixed assets, etc. Simply put, investments in those areas which will decide whether or not our agriculture will keep pace with that of the advanced world.

GERMAN DEMOCRATIC REPUBLIC

New Agriculture Minister on 1990 Plan

90EG0101A East Berlin BAUERN ECHO in German
5 Dec 89 p 3

[Interview by Uwe Creutzmann with Socialist Unity Party of Germany-Party of Democratic Socialism (SED-PDS) Party "Colleague" Dr. Hans Watzek: "Dr. Hans Watzek in Office for Two Weeks—A BAUERN ECHO Interview With the Minister for Land, Forestry, and Agriculture"; date and place not given]

[Text] BAUERN ECHO: In your first interview after being sworn in as Minister (which was also the first for BAUERN ECHO), you identified three primary points of emphasis to work on. What were you and your team in the ministry able to set in motion in your good two weeks in office?

Watzek: The most important thing we all accomplished with the commune farmers and workers in our sector of the economy is that we reliably met plan requirements in animal husbandry, and the fall field work was accomplished in the most favorable time for agrotechnical needs and with good quality. Diligent work has contributed to insuring that the populace has been continuously supplied with foodstuffs. Even the increasing demand of the coming holidays is covered. In addition, there are still adequate reserves in the refrigeration warehouses.

BAUERN ECHO: How are preparations for the 1990 plan progressing?

Watzek: The agreements with the State Planning Commission and the other ministries have already been completed in this area. We have provided for the necessary support, including an additional 500,000 metric tons of imported feed grain, to enable animal husbandry production levels to reach the goals set for 1990.

BAUERN ECHO: What are the actual 1990 goals in agriculture?

Watzek: In plant production, the strategic goal above all is to produce 12 million metric tons of grain, and in

sugar beets it is to finally attain the long-announced turn to high, guaranteed hectare production. Regarding that, a 110 percent increase in this crop is needed to insure sugar supplies from domestic sources. Production of fruits and vegetables are also supposed to exceed 1989 levels between six and eight percent. We cannot, however, satisfy the desires of the populace with our own production, so we are including more imports in our strategy. We would like to gain better control over the division of labor, among other things, with the CEMA countries.

Finally, 2,660,000 metric tons of beef, 7,635,000 metric tons of milk, about 4.3 billion eggs and 8,400 metric tons of wool should come from the stalls in the next year, based on the reliable feed situation.

BAUERN ECHO: [This is] an ambitious 1990 plan, which will certainly require a good supply of working materials for its accomplishment. How does that look?

Watzek: In the LPG [Agricultural Producer Cooperative, VEG [state-owned properties] and other factories in our sector of the economy, there is a great attitude of expectation in the collectives as to what improvement in working material supplies means. We have made progress in this field for 1990 through strenuous negotiations—in the supply of spare parts as well as with better availability of production capital. Still, I cannot deny that there are manpower problems in the agricultural machinery industry and plan shortages in the supplier companies. That has its effect in shortcomings in a few plan (target) numbers, in replacement parts as well as in production of agricultural equipment.

Despite that, we have numbers in the 1990 Plan such as 1,630 threshers, 650 bailers, 720 swath mowers, 600 field chaff cutters, 8,054 tractors and 1,766 loaders. The last number is particularly important for stable production. We have managed to produce a 20,000 metric ton increase in fuel allotments over 1989 availability levels. Agriculture will receive M 12 million for tractor spare parts and M 20 million for loader spare parts.

BAUERN ECHO: A key word was 500,000 metric tons of additional imported grain—how will that be fairly distributed?

Watzek: On the basis of precise feed account balance, which comes to us from the Bezirke and Kreise via computer support. The greatest need, or in other words, the biggest hole in the feed bag, is in Bezirke Magdeburg, Halle, and Erfurt. I believe that every cooperative should bear responsibility for the effective use of this grain for high animal productivity. We recommend, for example, more straw in feed rations at the same time this feed grain is going into cattle production. This would also help eliminate the feed shortcomings which are known in East Germany as being about a million metric tons. In any case, I am to deliver an accounting on feed distribution realization to the Council of Ministers.

BAUERN ECHO: Is there more good news for the farmers from the last Council of Ministers meeting?

Watzek: Yes. Much interest will be generated by the approval of our proposal to apply the performance principle in the 1989/1990 LPG annual audits. That created the ability to more exactly recognize farmers' performances, and to reduce or eliminate the past restrictions on wage increases. That means we will foster great individual responsibility in the LPG's in the distribution of 1989/1990 payroll funds.

For example, even if there should be actual plan shortfalls and related reduced effectiveness, there is the possibility of making full planned wage payments. That means that there is no disadvantage to the farmer should some yields be below plan because of weather conditions. With the assistance of the bank and other institutions, the proper solutions will be found here. I propose to publish this ruling shortly in BAUERN ECHO and other press organs.

BAUERN ECHO: "That is a minister who can listen." This was the feeling after your debut in office. Will these close contacts with the workers of this sector of the economy characterize your work style in the future, too?

Watzek: As an LPG chairman, later on as the WTZ [Animal Husbandry Farm] Neubrandenburg director for many years, and as a representative in our highest representative body, it has always been one of my major goals to remain close to the commune farmers and workers as well as other employees. That will remain so in the future. Yes, I think a minister must also be able to listen well and pick up every idea, in order to be able to advise and direct concrete steps right on the spot, when necessary, towards increased performance. This close exchange of ideas between all branches of the ministry and the businesses must be further expanded. New ways are important. The high-profile work group activities, only oriented towards grabbing publication space, must belong to the past. It is much more important to create collectives which develop the necessary decisions and concern themselves with their implementation. And that is in close cooperation with science and farming practice.

BAUERN ECHO: And what do you expect, especially from the agricultural journalists, Mr. Minister?

Watzek: A good factual, critical partnership. With the basic orientation towards helping to maintain what is good about socialism, and with all appropriateness getting rid of what has not proven itself effective. Keep the pencils sharp to truthfully and effectively support our work.

BAUERN ECHO: We thank you for the interview.

Production, Supply Problems Detailed

90EG0088B Munich SUEDEDEUTSCHE ZEITUNG in German 19 Dec 89 p 28

[Article by Steffen Ullmann: "Is the GDR Going to Get Through the Winter?"]

[Text] Berlin, 18 Dec—"The country cries for healing," Prime Minister Hans Modrow beseeched the delegates of

the special SED [Socialist Unity Party of Germany] Party Congress. NEUES DEUTSCHLAND entitled its report on the situation of the health care system: Help, the hospital is sick! "I would pray if it would do any good," openly admitted Herbert Keddi, general director of the Deutsche Reichsbahn, having in mind the partly chaotic conditions of the railroad. Drastic words, which describe the present situation in the GDR and do not seem to fit at all into the contemplative mood of the Christmas season. The dramatic events, the uncovering of ever new cases of corruption and abuse of power, and revelation of the real economic data have plunged the population into a state of unrest. Harsh expressions of displeasure are combined with ever more insistent demands: reunification, higher wages, better living and working conditions, more adequate supplies... But meanwhile there is also fear, because no one knows what will be in store for the GDR next year.

The acting government has recognized the need for action and reacts with immediate programs as counteraction. It procured additional tropical fruit, dumped Japanese recording machines and stone-washed jeans on the market, and in a short time implemented price reductions for obsolete but overpriced entertainment electronics. Nevertheless, so far it has not succeeded in halting the unrest among the populace. The citizens are reacting uncontrollably to the crisis in the country. They have begun to plunder their accounts and are buying everything that is not nailed down: refrigerators and freezers, washing machines and color TV sets, crystal, furs, jewelry, antiques, furniture....

Fear of Currency Reform

Trade minister Manfred Flegel of the National Democratic Party sees this as the fear of a coming currency reform, although government officials have denied such a step several times and have urgently called for reasonableness—without success so far. The run on buying continues, and industry is unable to quickly close obvious gaps on the shelves. On the contrary, prospects for a way out of the desperate economic situation and thus for better supplies are very poor indeed. The month of November with 1.6 billion marks brought the lowest daily work performance of the year. And December will rather aggravate the situation even more. More and more enterprises complain that the already insufficient supply of materials, raw materials and fuels as well as spare parts is getting worse. Increased production stops are the result. And no one is able to assess how open borders, the continued exodus and the approaching winter will further affect the national economy.

Of course, the dramatic problems emerging now are not a consequence of current events. When the head of government, Hans Modrow, met with the general managers of large GDR enterprises, he also publicly drew attention to a negative development of the economy which for a long time had been no secret to experts. Ever since the second half of the 1970's, the desired annual performance goals have not been reached. Modrow

noted open and hidden price increases as well as a growing shadow economy. The population's income grew more rapidly than the supply of goods. In the years 1986 to 1988 alone, this caused a surplus of purchasing power of about 12 billion marks. This had a disastrous impact on performance motivation for the citizens.

Old Problems

A productivity increase lagging behind goals, growing innovation weakness, cost explosion in industry and the construction industry as well as constantly higher foreign debts—Modrow listed them as 20.6 billion marks—are further results of the economy by command installed by former SED Politburo member Mittag. Hence the GDR cannot be helped by quick and pragmatic solutions, should they even exist. And yet, immediate measures are necessary. The flight into material assets, the threatening sell-out and continued exodus, the performance drop in industry and construction, aggravate the economic and political dangers for the country. And everywhere there is lack of encouraging signs for a true emergence from the crisis.

Another danger is threatening the GDR in the next weeks and months—the newly arrived winter. Its severity will determine whether the situation in the country will continue to deteriorate, or whether the government will gain time for the necessary economic reform.

The Transport System Is Limping

The supply of energy and fuel for the population and industry is strained, adequate winter supplies were only partially stored up. The transport system is in critical condition. Although the back-up of freight trains has been cut in half in recent days, over 240 trains are still waiting to be processed. In some Reichsbahn centers such as Halle, all timetables for freight trains have been declared invalid. There is a lack of locomotives, freight cars, repair facilities, and labor. The obsolete track lines are completely overloaded. Even for short stretches of about 12 km, freight trains take up to 16 hours. Prospects for improvement are poor. Part of the goods were loaded onto trucks and transported with the help of soldiers of the People's Army and the West group of the Soviet Armed Forces. But it is not enough to close the gaps. The railroad must transship more than 870,000 tons daily. Furthermore, hundreds of special trains must be added in order to halfway satisfy the citizens' explosive travel urge. The railroad faces [both] collapse, and year-end travel. If strong frost should occur, energy supply will also become a problem. With lower temperatures below freezing, an energy supply gap of at least 2,000 megawatts of power plant output will occur. And this will also raise the dangers of electricity and long-distance heat cut-offs for industry and population, which would lead to renewed unrest and further production stoppages.

The Army Helps Out

Thus the coming winter months will become the true acid test for the acting government under Hans Modrow. After all, there are also other problems awaiting solution, for which the government cannot show a way out in the short

term. While experts and scientists are discussing the necessary economic reforms and are arguing about a possible unemployment problem, the shortage in the labor force has meanwhile crossed over the pain threshold.

While so far the health care system misses the 1,500 physicians and more than 4,000 nursing personnel who left the country this year, calls become ever more urgent for workers in industry, the construction and transport system, and the entire service sector. Up to now, one managed one way or another with the temporary use of about 20,000 members of the Army. But the Army has now signaled that the upper limit has been reached. Not to mention the fact that no permanent solution can be achieved in this manner. More than 300,000 GDR citizens have left the country this year. Sociologists assume that the exodus will continue next year. Still, in the scientists' opinion, one cannot speak of a GDR bloodletting.

Economic managers directly responsible see it differently. They fear that the permanent emigration of qualified personnel could prevent the restructuring of the economy, not even taking into account current problems. A rapid economic stabilization is the foremost prerequisite for all of society's recovery and for the very necessary gain of confidence among the population.

Consequences of Emigration

The GDR is far from that at present. It was a heated meeting between chief of state Modrow and the general managers. In addition to acute supply difficulties, the managers criticized the lack of general conditions for the upcoming 1990 economic year. And a number of political decisions by the government have additionally aggravated the situation for many enterprises. High performance losses must be suffered because of the strikes behind prison walls and the amnesty now initiated.

For example, Brandenburg prisoners participate in the production of 80 percent of all electric motors manufactured in the GDR. They repair up to 100 train cars daily and, among other things, contribute to information technology, vehicle construction, and the furniture industry. Brandenburg prison with its inmates annually provides production performances in the amount of 600 million marks. Nobody knows how to compensate for the now incurred loss of these performances. But among the personnel of enterprises, also, calls for strikes keep recurring. Work stoppages have already taken place in Plauen, Zielitz, and other cities. Should the strikes expand into a general strike as demanded by various political groups, the country would collapse.

A one-day general strike means about 2 billion marks' worth of lost labor in the GDR. And this does not even take into account the ensuing damages of such a strike. So far, the appeals to reason by the government and many parties and new groups have held back the workers. But aggressions among the populace are growing. Will the GDR have hot weeks ahead during the cold winter months?

Needed Changes in Banking System Surveyed

90EG0088A Duesseldorf *HANDELSBLATT* in German
19 Dec 89 p 6

[Article by Dr Ernst-Moritz Lipp, chief economist for the Dresdner Bank: "Banking Reform Is a Prerequisite for Increased Efficiency"]

[Text] Duesseldorf, 18 Dec—It is not difficult to identify priority reform areas in the GDR, such as the price system, the subsidy system, the planned-economy structure of enterprises. They can be derived from the regulative principles of the market economy and are also known to many GDR economists. However, soon it will be a matter of putting reform considerations into concrete form, for example, what individual steps could initiate a reform of the banking system.

That is a task in which regulative considerations must provide a certain leadership, but in which practical banking experience is primarily in demand. For this reason, cooperation between bank experts from the GDR and FRG will play a growing role in the future.

Support Several Goals Simultaneously

The more profoundly one studies the development and structure of the GDR economy, the clearer it becomes that reform of the banking system is a prerequisite, or at least an indispensable complement, for many other reforms. What could the elements of a new banking system be like with regard to the asset side, the loan side, the need for investment capital and the development of new financial institutions? In this, relations to other reform projects must be taken into account, such as price reform, reform of the enterprise structure, and reform of the legal system including the definition of property rights.

A reform of the banking system can support several goals simultaneously:

- stabilize the value of the currency,
- promote decentralization and new formation of enterprises,
- initiate and effectively utilize capital transfer from abroad,
- stabilize savings formation,
- mobilize risk capital,
- bridge the gap between citizens' short-term investment willingness and long-term capital demand.

There are no financial conditions existing in the GDR today which could attain these goals. Savings banks are the collection points for citizens' savings. They surrender the savings funds to the central state (state bank). The latter distributes the funds to the combines according to plan criteria. In turn, within the combines there exists a system of fund distribution to the individual enterprises which is not very visible to the outside.

Borrowing by private enterprises is regulated by the state. In the GDR all functions, assumed efficiently by banks in a market economy, must be carried out by the

state, i.e., by the savings banks, the state bank and institutions active in financing foreign trade.

The desired decentralization of enterprises and abolition of the foreign trade monopoly in favor of decentralized and market-oriented foreign trade relations require a functioning banking system. Decentralization means that the enterprises are aware of their net asset position (balance sheets), analyze their earnings situation (profit and loss account), and must be able to procure capital for developing new markets and for expansion.

Up to now, the state was the owner and capital provider of the enterprises. With decentralization, first the deficit side of the enterprises must be established. On the asset side are real property and chattels. In future, [their] own capital and outside capital would have to be listed on the deficit side. Third-party capital providers receive interest rates prevailing in the market which should not be manipulated politically. Providers of own capital—be they the state, or private or trust funds for private investors—receive a percentage of profit distribution.

In case of losses, the state used citizens' tax money or lowered the interest they received on their savings accounts. In case of profit distributions, they were added to the general receipts. No instances are known that taxes were lowered or the interest rate raised when state enterprises earned above-average profits.

In a new banking system, the savings banks and banks newly to be founded or licenced could provide outside capital for the enterprises. However, in decentralization the state, which up to now holds de facto 100 percent of own capital, would have to convert it into transferable, documented equities to be transferred to individual citizens or investment funds whose shares are held by the citizens.

A reform of the banking system would also require that the citizens' savings would be partially converted into investment shares in the heretofore nationalized enterprises. Conversion may mean that citizens at first are advised to buy industrial shares with a certain part of their savings accounts. This is by no means an unreasonable risk involvement for citizens. Because, up to now, they participated in many varied ways in the economic risks of the planned economy. The opportunities of economic reforms and the clear limitation of a citizen's liability for the personally held investment share are an attractive prospect.

How Two Goals Can Be Attained Simultaneously

Enforced savings to a certain extent, through conversion of savings deposits into long-term loans to combines or enterprises, or through conversion into investment shares, would simultaneously constitute a contribution to stabilizing savings formation. There are no clearcut indications of overly high money stocks. Hence proposals for a currency reform are premature. But: If one permitted during the transition phase of the economic system that citizens could dispose of their total savings

deposits at any time, the danger would arise that considerable dissaving would occur at times.

Because, first of all, the catch-up demand for consumer goods is higher than could be satisfied with the available goods. And secondly, at times a flight into material assets could occur, if there were short-term setbacks in confidence in the political leadership.

If part of the savings were removed from short-term availability and converted into longer-term investments, two goals could be attained simultaneously. On the one hand, a reduction in the currency like the 1948 conversion of accounts in the FRG could be avoided in this manner without raising the fear of inflation. On the other hand, the populace could participate broadly in the future economic earnings of the new system.

Savings Banks Are Set Up Very One-Sidedly

The injustice of the 1948 currency reform in the FRG consisted in the fact that owners of savings accounts largely lost their wealth, while owners of material assets kept them and shared in the economic upswing through their investment income (profits, dividends, and appreciation). Such a solution could not be implemented politically in the GDR, and it would also not be justified economically. The road of freezing savings, of converting them into long-term participations and loans, thus giving a citizen the opportunity of sharing in future profits, would be a royal road for economic reforms.

But even then, problems remain to be solved. The funds, which in future will hold the shares of decentralized combines, would have to perform a supervisory function over management. But no new central control must result from this. It would mean appointing competent persons to the management of the funds who could assume a kind of supervisory board function. The shares of own capital of the combines and enterprises to be decentralized in the future should not be transferred exclusively to such funds, but could also be subscribed to by foreign investors.

This would be one way to mobilize direct investments from abroad as well as having foreign investors share in the risks and opportunities of a future economic upswing in the GDR. It would be an interesting way to import investment capital, technology and management know-how.

Decentralization of enterprises and participation of the GDR population in these enterprises is, however, only a first reform step. For a long-term positive development, a banking system must be newly created, with new and modern financial institutions. Within the foreseeable future, the state bank and the foreign trade bank might be merged. Their future tasks should be limited to those of a central bank: issuing money, supervision of the banking system, currency policy, clearing of payment transactions.

It is thus primarily a matter of newly establishing or licencing banks or expanding efficient savings associations into banks, respectively. The GDR must make a political decision to what extent it will licence FRG banks, first of all as providers of know-how, and secondly as a link between international financial markets and GDR financial markets.

These new financial institutions would have to assume the functions usual in a decentralized market-economy system: maturities transformation, risk transformation, capital reservoir function, advisory function. Because of their expertise and independence from state control, FRG commercial banks will probably enjoy a great advantage in confidence among the GDR population. However, it will be very difficult to exclusively found new banks. They would hardly be able to build up, in a short time, a broad-based deposit and lending business.

The savings banks are set up very one-sidedly in their business activity and basically have no experience in the lending side of the business, i.e., in loan transactions, the securities business, foreign transactions, and risk management. Even in the deposit business they are structured very one-sidedly.

Maturities transformation will play a very great role in the future GDR banking business. Initially, there will be a predominating demand for secure investments of stable value which also have a relatively high degree of liquidity. So, in our terminology, we are dealing with "savings deposits subject to legal withdrawal notice." A great potential probably exists in the GDR in the sector of savings at building societies. For the supply of apartments is not good.

The willingness to save in order to acquire residential property is probably very great. Modernization, at one's own expense, of long-term rentals of condominiums could also be a more attractive goal of saving through building societies. By contrast, saving through insurance funds cannot be seen as very high initially. For that, the future of the social security system in the GDR and possible private supplements through life insurances would first have to be clarified. A preference for secure investments of stable value with a not overly long fixation period will, however, be confronted by a great demand for long-term, fixed-interest loans. The new banks will have to manage to bridge this conflict of interest between private investors and loan applicants in the enterprise sector.

All this will take place in an initially volatile interest market. For we must assume that the transition to a new monetary policy, which is no longer misused for financing state deficits, and the partial opening for capital transactions with other countries will lead to an unstable course of interest rates.

In dealings between firms, a sophisticated reporting system of the enterprises is not an absolutely decisive prerequisite for the functioning of credit relations. That

is demonstrated by other countries with an underdeveloped reporting system. It is important, however, that the future law in the GDR permits putting up security for loans. Hence a functioning banking system is unthinkable without a reform of the ownership system.

Building Up a Good Reporting System Takes Time

To build up a good reporting system takes years for enterprises. Thus it would greatly hinder capital transfer to the GDR if the legal system did not soon allow the securing of loans.

On the part of enterprise customers, in future the following could act side by side—state-owned combines; combines whose shares or capital shares, respectively, are held by the investment funds outlined above or by foreign investors; as well as small and medium-size enterprises which possibly operate entirely independently and on the basis of private ownership. In the case of the latter, advice by banks will play a particularly large role. Here relations between the enterprise and its bank could play a positive role. During difficult business cycles, such a connection ensures a certain security and also makes the consulting relationship considerably more effective.

These are some initial thoughts on the outline of a banking system in the GDR. In contrast to other sectors, there exist no enterprise structures on which a modern banking system could be developed. The socialist economic order has not provided for an economically independent role, particularly of the banking system and capital markets. This is one of the essential causes of the misdirecting of capital.

HUNGARY

Government Tries To Enforce Bankruptcy Law

25000565 Budapest HETI VILAGGAZDASAG in Hungarian 16 Dec 89 p 8

[Article by Endre Babus: "Bankruptcy Law: The Third Try"]

[Text] Having initiated a change in the political regime, the Nemeth cabinet wants to spend its final months in office catalyzing economic structural change, according to several government statements issued last week. For the time being it is impossible to predict whether the government program that includes layoffs as well as the liquidation of enterprises—if it begins to operate at all—will fail upon confronting the first resistance. In any event, the government intends to double the amount available to the Employment Fund in 1990—to 5.5 billion forints. This is the source from which unemployment assistance is paid.

Last week the government raised the specter of discontinuing between 50,000 and 100,000 workplaces, and

shutting down 41 enterprises which proved to be long-term loss operations. Is it possible to take an announcement like this seriously in a country that is facing a multiparty election? Particularly in Hungary, this question is unavoidable. There has been no shortage of central decisions concerning the liquidation of deficit firms thus far. Nevertheless, attempts to accomplish such liquidation have hit rock bottom almost every time, even in times of less polarized political conditions.

When the bankruptcy law that follows principles consistent with a market economy was adopted in Hungary during the fall of 1986, some economists predicted 100 bankruptcy proceedings annually. Compared to that, during the past 40 months creditors have requested the initiation of bankruptcy proceedings against their debtors in only 10 instances, even though the number of long-term loss operations has been above 200 continuously since 1986, and by 1989 the total indebtedness of enterprises was permanently in excess of 100 billion forints.

No doubt, one reason why the bankruptcy law has failed thus far is that since the very beginning the government has been throwing life rafts one after another to large industrial enterprises that were supposed to be liquidated, such as the Tatabanya and Mecsek Coal Mines, Ganz-MAVAG, and the Lang Machine Works, and of the significant industrial enterprises it left only the Veszprem State Construction Enterprise to its fate. It has since been liquidated. Soon, however, it had to be realized that liquidation proceedings are being impeded not only by central rescue actions, but also by the economic environment which, in the absence of real owners, is characterized by the state sector and by the depressing overweight of monopolistic organizations. Under such conditions in most instances the creditors themselves are dependent on the insolvent large enterprises, because if they are liquidated the creditors may lose their most substantial customers. Further, it turned out that these creditor enterprises are better off if they record the outstanding bad debts due to them as accounts receivables, rather than writing these claims off as losses. In the latter case the loss can be deducted from profits and against enterprise assets, which may heavily impact upon the most sensitive enterprise interests: wage development and opportunities to pay premiums.

For years, it has been this logic that has determined the conduct of the largest creditors: the commercial banks. They prefer to push their frozen claims like logs before them, rather than writing them off. "If we were to initiate liquidation proceedings against our three largest debtors, we would be the fourth firm to go bankrupt," according to a leading banker on the first "birthday" of the bankruptcy law (HVG 7 Sep 89). The situation has not changed much, even though in late 1987 the government made an apparently firm attempt to force bankruptcy proceedings. A decision reached at that time made it mandatory for commercial banks to establish risk reserves for uncollectible claims that were larger

than 25 million forints and older than 3 months. Further, the Council of Ministers prescribed that creditor firms will not receive a single penny in state support unless they initiate liquidation proceedings against debtors who have been insolvent in the long run.

Mutual dependence, nevertheless, always influences business conduct more strongly than direct financial interest. Following such antecedents it is at least doubtful that the stimulating measures announced last week will produce any results. Once again, the change appears to be of large caliber, just as it was in late 1987. No less is at issue than the fact that in essence henceforth the state budget will be willing to accept as its own part of the frozen claims from the banks, if these banks initiate bankruptcy proceedings. That is, from now on financial institutions may exchange 20 percent of their uncollectible claims into housing bonds which function as state securities; moreover, they may do the same with 50 percent of the possible losses that remain after liquidation. In reality this means that henceforth commercial banks would have to write off of their risk funds at most 40 percent of their outstanding claims. Whether this solution, which provides special benefits to financial institutions and obviously violates the equality of other creditors, will motivate the Budapest Bank, the Hungarian Credit Bank, and the National Commercial and Credit bank to act (the above-mentioned 41 enterprises owe a total of 10 billion forints to these banks), is hard to predict for the time being. Professional circles find it conceivable that these measures will bring the desired results, and that liquidation proceedings will indeed commence. Some professionals, nevertheless, call attention to the fact that the benefit to which commercial banks are entitled will loosen the sector neutrality rules of the bankruptcy law.

A few of the business organizations recommended for liquidation:

Bubiv, Budapest Leather Industry Enterprise, Budaprint, Duna Shoe Factory, Northern-Transdanubian Public Works and Underground Construction Enterprise, Ganz Engine and Railroad Car Factory, Communications Technology Enterprise, Ipoly Area Forest and Timber Farm, Kobanya Textile Works, Light Concrete and Insulation Enterprise, Kulturinvest, The Hungarian Steel Products Factory, Hungarian Optical Works, Hungarian Cannass Factory, Mikroelectronics Enterprise, Nograd Coal Mines, Nyirlugos State Farm, and Pannonia Fur Industry Enterprise.

POLAND

Foreign Trade Liberalization Program Discussed
90EP0226B Warsaw RZECZPOSPOLITA in Polish
10-11-12 Nov 89 pp 1, 3

[Interview with Dr. Dariusz Ledworowski, undersecretary of state, Ministry of Foreign Economic Relations, by Tomasz Bartoszewicz: "Road to Convertibility"; date and place not given]

[Text] [RZECZPOSPOLITA] You have presented a program for liberalizing foreign trade. Could you outline the main planks of it?

[Ledworowski] First of all, I would like to note that this program should be treated as an element in the overall economic program of the government which was recently presented by Deputy Prime Minister Leszek Balcerowicz. All we did was to submit a proposal for specifying actions in the sphere of foreign trade within the framework of the general approaches of the government program.

[RZECZPOSPOLITA] What would liberalization in the sphere of foreign trade consist of?

[Ledworowski] We interpret liberalization as action in two spheres: facilitating further the conduct of foreign trade and equalizing economic conditions for all economic entities involved in such activities.

[RZECZPOSPOLITA] Let us, perhaps, start with facilitating measures.

[Ledworowski] Very much has already been done in the sphere of liberalizing access to foreign markets. Suffice it to say that licensing at present applies to only 11 goods and merchandise groups in exports and imports and 18 additional groups in exports. All remaining goods may be exported and imported by any economic entity without any special permit for such operations. Also, the so-called merchandise jurisdictions, or the assignment of specific goods to specific enterprises, no longer apply.

[RZECZPOSPOLITA] In view of this, what else can be facilitated?

[Ledworowski] We want to reduce the list of goods requiring a license effective at the beginning of next year, restricting it only to radioactive materials, explosives, weapons, narcotics, and similar goods which are subject to state controls in the foreign trade of all states of the world. Licensing will also apply in the sphere of rendering representation and agency services to foreign entities. Trade in other goods and services would be entirely liberalized.

[RZECZPOSPOLITA] Does this mean that everyone will be able to buy and sell them without permission?

[Ledworowski] This is a different matter. The right to conduct commercial operations with foreign partners without permission should be distinguished from the authorization to import or export specific goods. Each country, even in entirely free-market economies, retains the right to license trade with foreign partners.

However, we are preparing simplification in this area as well. We would like to abandon the principle of universal requirements for import and export permits, as well as to decentralize the issuance of permits. Until now, they have been issued in a centralized manner by the ministry; beginning next year, we would like to transfer the

authority to issue them to authorized representatives of the minister for foreign economic cooperation in individual voivodships.

[RZECZPOSPOLITA] So much for simplification. What about equalizing the economic conditions for individual economic entities?

[Ledworowski] We have a lot to do in this sphere, and some things will be impossible to accomplish right away. After all, we are dealing with different principles of trade with countries with which we settle in hard currency, clearing countries, and those with which settlements are done in transferable rubles. At present, we also have differentiated currency rates of exchange, rates of supports and subsidies, and differentiated rates of currency resale [to the state] with preferences for companies with the participation of foreign capital, as well as, very importantly, differentiated customs arrangements.

[RZECZPOSPOLITA] Do you mean the notorious division into commercial and noncommercial traffic?

[Ledworowski] Yes, we would like to abolish this nonsensical division, which is bringing about increasing economic losses, effective 1 January 1990. After all, it is absurd for a Mr Kowalski who imports comparable amounts of, say, coffee from abroad to pay many times less in customs dues than state, cooperative, or private enterprises. This violates the principle of equal economic conditions for the conduct of foreign trade and promotes the development of the so-called tourist commerce which has become a real scourge in our country.

[RZECZPOSPOLITA] The public certainly expects resolute actions in this sphere because previous governments fostered the elevation of speculation in the course of foreign trips to the rank of a virtual Polish national specialty. Unfortunately, the customs policy of the state, if we can at all refer to the existence of any such policy, favored the traders. However, a new exchange-rate policy is, perhaps, equally important?

[Ledworowski] In the long range, the government economic program raises the issue in this sphere clearly. We aim at a complete unification of the exchange rate and the convertibility of the zloty. The rate of exchange of the zloty against foreign currencies will be set by the National Bank of Poland on the basis of quotations at the currency exchange. The National Bank of Poland will also intervene in order to prevent excessive fluctuations of rates of, say, a seasonal nature.

[RZECZPOSPOLITA] When will this new system take effect?

[Ledworowski] We would like it to become operational as soon as possible because this is one of the most significant elements of the economic program of the government. This calls for a restrictive budgetary and credit policy in the course of which we should also have adequate currency reserves in the form of a stabilization

loan. During his visit to Washington, Deputy Prime Minister Leszek Balcerowicz applied for such a loan in the amount of \$1 billion.

[RZECZPOSPOLITA] I have a quite practical question: What will happen to the old hard-currency accounts of enterprises given the convertibility of the zloty?

[Ledorowski] Their operation will become redundant. It will be possible to fill all import orders for zlotys. The funds which the enterprises now have will remain at their disposal. They will have a free choice between using these hard-currency funds which, after all, were purchased at some point at a lower price, and expending zlotys for purchasing currency at the bank at the exchange rate of the day.

[RZECZPOSPOLITA] My final question. How do you get along working with your minister who is a PZPR [Polish United Workers' Party] member? After all, you are a member of Solidarity.

[Ledorowski] There are no differences of opinion between us in the matters of merit. We are in full agreement, and we aim at the same solutions. Besides, I have cooperated with Dr. Marcin Swiecicki for a long time in the Consultative Economic Council, and I do not at all doubt his reformist orientation of a market nature.

[RZECZPOSPOLITA] Thank you for the interview.

'Social Fund,' Small-Scale Rural Manufacturing Opportunities Viewed

90EP0226A Warsaw RZECZPOSPOLITA in Polish
15 Nov 89 pp 1, 2

[Interview with Artur Balazs, minister without portfolio, rural and civic affairs, by Halina Recka: "I Feel Farmers Breathing Down My Neck"; date and place not given]

[Text] [RZECZPOSPOLITA] Previously, there was no minister in charge of living conditions in rural areas. What do you handle?

[Balazs] The office has 10 employees and does not have local agencies or executive authority. We operate in the peripheral areas of many ministries which get directly or indirectly involved in matters of agriculture. The main role of the office is to develop draft laws involving, in particular, the advances of civilization in rural areas (among other things, social issues and technical infrastructure). We prepare conceptual solutions and position papers on measures undertaken by the government, for example, in the matter of the future of socialized agriculture.

[RZECZPOSPOLITA] What are you working on at present?

[Balazs] We are a leading office in the matter of making amendments in the law now in effect on retirement benefits. Our objective is to pay annuities up to the level

of subsistence income from the state budget and to make adjustments for the cost of living once a quarter.

[RZECZPOSPOLITA] Why from the state budget?

[Balazs] This is going to be state aid in the social sphere.

[RZECZPOSPOLITA] What else is affected by the changes proposed?

[Balazs] Nonmandatory transfer of the farm to the state treasury if its owner has no heirs. Farmers would then also be able to continue operating the farm once they are exempt from paying contributions and are receiving a part of the benefit. In cooperation with the Ministry of Agriculture, we are beginning work on changing some regulations involving land sales and purchases and the inheritance of farms. For our part, we request that all size limitations in this sphere be canceled, as well as the requirement to have skills when purchasing the land.

[RZECZPOSPOLITA] The Sejm Commission for Agriculture and the Food Industries submitted an enquiry to the prime minister on preparing comprehensive changes in the Law on the Social Fund in rural areas. Does it make sense to set it up now that the current principles of economic operations are completely different?

[Balazs] We have made extemporaneous changes in this law, adding the Solidarity Trade Union of Farmers and branch trade unions to the ranks of the controllers of the fund. Indeed, a changing situation in procurement and trade in farm products has made it very difficult to register all procurement entities which should contribute money to the fund. However, my office is aware of the need to support the social sphere in rural areas. Therefore, we will think about ways to adapt the law adopted to the current conditions, or else we will work out a completely different arrangement.

[RZECZPOSPOLITA] Residents of rural areas have proven time and again that they are capable of helping themselves through volunteer work projects..

[Balazs] The rural community will have to determine on its own whether this form of attaining some civilized-standard goals will be used in this format, and what aid is needed from the state in this sphere.

[RZECZPOSPOLITA] Living conditions in rural areas are also associated with services to the populace in these areas. What is your opinion of the draft of changes in the organization and operation of rural [consumer] cooperatives which gives rise to so much emotion prevailing in the rural community?

[Balazs] It is necessary to implement the draft with regard to the voivodship and central structures. We cannot withdraw from it because we would then prolong the agony of cooperatives by a dozen more years. Those who say that this is a brutal infringement upon the independence of these organizations would do better to consider whether the decisions proposed would make the work of cooperative members operating "at the bottom,"

in the basic units, more difficult. It is exactly the other way around. After all, these solutions will make it possible to clear away the administrative "superstructure" from the foreground and will give the go-ahead to changes and to the formation of genuine cooperatives.

[RZECZPOSPOLITA] What is going to happen in the future with farmers who for various reasons will be unable to keep up with normal, that is, hard economic conditions?

[Balazs] An overwhelming majority of farmers will be able to hold their own in a new economic situation. There is no apprehension that those who "drop out" of farming will find no niche in rural areas. These communities are a virtual desert when it comes to services. Therefore, there are jobs for those who live here or are involved in small-scale farming.

Apart from the sphere of services, there is the sphere of food processing, and conditions for its development are the most favorable here, close to the raw materials base. Senator Lipiec from Zielona Gora Voivodship who left my office just a minute ago asked me about the aid he can get in setting up 14 meat-packing facilities and pork-butcher shops. I will be able to support such initiatives from the fund allocated for demonopolizing the sphere of procurement and processing of farm goods. This fund is being formed with proceeds generated through the sales of agricultural products received through the channels of foreign aid.

[RZECZPOSPOLITA] Recently, you have held many talks with representatives of industrial circles and businessmen from Western Europe. Do they touch on equipment for small-scale industries?

[Balazs] Yes. We are interested in drying facilities, small dairy plants, fruit and vegetable processing plants, and so on, as well as agricultural implements. The novelty is that I warn my foreign interlocutors about the lack of hard currency in the state coffers and encourage them to enter into joint-venture partnerships with our companies. I believe that the burden of loans on the state budget should be shifted to the enterprises which will have to repay them in products. These are normal and considerably healthier economic conditions because the workforce is interested in selling its products which will consequently bring about better and cheaper products.

[RZECZPOSPOLITA] Don't the plans for bringing industry to villages run into the barrier of technical infrastructure which is so poor in these communities?

[Balazs] Water, gas, and telephones are the basic prerequisites not only for the development of small-scale industry but primarily for farming and the future outlook, especially for the younger residents of villages. Our office applies pressure, assists, invigorates, and encourages activities in this field in every way possible. There is no dearth of problems: Work on building water supply systems and gas mains is advancing, though slowly, whereas the matter of telephone installation is very

much neglected. I believe that we cannot do without the help of Western countries in developing a concept for telephone installation in rural areas. All political, union, and social organizations operating in rural communities are interested in improving technical infrastructure.

[RZECZPOSPOLITA] A deputy, a minister, a trade unionist—this set of responsibilities conjures up attendant contradictions.

[Balazs] Please add to this that I am a farmer, the owner of a 40-hectare farm. It is in this context that I would like to stress that I will be worth something to the prime minister, his government, and the public for as long as I am a farmer and, as a representative of farmers, feel them breathing down my neck. If I were to cut off my opportunity to return to the village I would be doomed to "arrangements." I reconcile the contradictions in the name of superior interests of the country.

Regional Press Column: Economic Reports

90EP0178A Warsaw GAZETA BANKOWA in Polish
25 Sep-15 Oct 89

[Unattributed weekly columns: "From the Regional Press"]

[No 39, 25 Sep-1 Oct 89 p 3]

[Text] The Foreign Investment Agency has issued 330 registrations for joint ventures; the next 200 applications are being examined. Most of those interested in investing in Poland come from the FRG, West Berlin, the United States, Austria, Sweden, and Italy. The invested capital already amounts to \$300 million. The following industries have drawn the interest of foreign partners: the food industry, machinery and metals, construction, and light industry, and intermediaries in foreign and domestic trade.

The Canadian steel firm Ivaco (65 production plants, 12,000 employees, 2 million tons of steel products annually) has signed a so-called letter of intent with the Universal Foreign Trade Agency to form a joint venture to start production of special and enhanced nails in Poland.

The Polish Steamship Company is a partner in six projects. One of them is the Polish Steamship Agency Lines based in Antwerp, which consists exclusively of Polish capital. The other partners are the Polish Ocean Lines, the State Maritime School, C. Hartwig of Szczecin, and Polfracht of Gdynia. The partnership provides shipbrokering services, agency services, freight forwarding, and ship chartering, and it serves as an intermediary in the buying and selling of ships.

The delays surrounding the Free Trade Zone Szczecin-Swinoujscie were the reason the Presidium of the Voivodship People's Council decided to form a Program

Council for the Intensive Economic Region. The purpose of the Council is to stimulate action to start up the Free Trade Zone.

Given the debt of the investors in the Zarnowiec Nuclear Power Plant, which amounts to 66 billion zloty, the Gdansk Bank has decided to halt loans for the investment. The construction of the power plant has already consumed 250 billion zloty.

The singles champion at the Szczecin tennis tournament "Polish Golden Autumn '89" will receive \$800, and the doubles champions will receive not quite \$400 to divide (minus 15 percent tax).

The cost of installing a telephone in a car in Krakow is 955,000 zloty. The monthly service charge is 32,500 zloty, and a one-minute conversation costs 90 zloty.

[No 40, 2-8 Oct 89 p 3]

[Text] The price of the Gdansk Baltcom 89 Fair—1 million zloty—went to the minicomputer system of the GOMTech Computer Technology Work Cooperative.

The treasury office in Elblag Voivodship has registered more than 1,000 new taxpayers during 1989. During the first six months, they paid 100 million zloty to the local budget. More than 3 billion zloty, 90 percent of it from small-manufacturers, has been paid by the roughly 9,000 taxpayers.

A Szczecin private ship owner—the Baltic-Uniservice Company—has broken the monopoly of maritime agencies on servicing foreign ships in Polish ports. The company has opened an office in Gdynia.

At the Szczecin Tool Factory, 70 percent of the employees have called for a referendum on the "liquidation of the state enterprise and converting it into a limited partnership and transferring all the assets to a private individual," who is to be the current director of the plant.

There are 125 currency exchange offices in Gdansk Voivodship.

In Pelplin (Gdansk Voivodship) a private firm Autotransport has begun regular city transit. One bus every half hour, a ticket costs 150 zloty.

Siarkopol in Tarnobrzeg is helping pay for the construction costs of a school in Krynica Morska; in return, the children of the enterprise's employees will be able to use the school building during vacations.

The Hard Coal Community and the West German Fertigbau System Hoelter u. Co GmbH have signed a contract creating the Polhoe partnership. It is to conduct economic activities and improve the ecological situation in Silesia. The construction of a pilot installation for processing coal slag into a coal concentrate, among other things, is to serve those purposes.

A reporter for TRYBUNA OPOLSKA dressed as a beggar, who sat for three hours in front of a department store in Opole, collected more than 14,000 zloty.

[No 41, 9-15 Oct 89 p 6]

[Text] The president of the board of Poznan Drewbud announced an additional emission of stock in 1989; foreign partners will receive 5,000 shares, each with a nominal value of \$2,000.

Westa in Lodz has organized the stock company Lodz Market. It is the first commodity and money market in Poland; it employs five brokers. The market will be open all week; each day with a different assortment of goods. Commissions are 1 percent of the value of the transaction.

In Katowice, a Swedish Technical Office has opened; it belongs to a group of enterprises owned by Axel Johnson. It is to serve as intermediary, in a cooperative Polish-Swedish-American project to build a pilot desalinization plant to process water from two Silesian mines.

The Dora stock company (the partners are the state treasury and 4,350 employees who purchased 7,358 shares for more than 1.8 billion zloty) has opened an office to deal in stocks with a view to issuing shares to the general public with a nominal value of 1 million zloty.

In Poznan, the WIELKOPOLSKA GAZETA HANDLOWA, a private regional weekly published by the Wielkopolski Economic Society, has appeared. The paper is intended for individuals running businesses.

Since October, the local air group Aeropol in Zakopane has offered helicopter flights over the Tatra Mountains for 14,000 zloty per person.

Public city transit is most expensive in Suwalki; a regular ticket costs 100 zloty.

In Poland, there are several dozen gasoline stations sponsored by Western firms (including Shell and Agip), which sell fuel for zloty, and oil and grease for convertible currency.

The prosecutor in Chorzow has brought a court action on behalf of 80 city residents against the Hajduk chemical plants, which emit harmful substances into the atmosphere.

The Chorzow Voivodship Board of the Polish Red Cross has organized 50 free lunch centers. The first was opened in Chorzow and issues 70 portions of hot soup a day.

One of the Wroclaw tourist offices organizes cheap bus trips to West Berlin (the cheapest, one-day trip costs 10,000 zloty and 6 DM) and to the FRG, and it offers free return trips.

ZYCIE GOSPODARCZE 'Briefs' Columns

90EP0169A Warsaw ZYCIE GOSPODARCZE
in Polish Nos 39-43, 24 Sep-22 Oct 89 p 2

[Excerpts from a weekly news roundup column: "Last Week"]

[No 39, 24 Sep 89 p 2]

[Excerpts]

In Poland

[Passage omitted] On 15 September 1989 in Bydgoszcz, the workers at the Voivodship Ambulance Transportation Service struck for several hours. The strike at the Fasty Cotton Industry Plant in Bialystok continued. PAP reported that the workers at Fasty are demanding a wage increase of 150,000 zloty for every employee and guarantees of safety for strikers. Both trade unions, the workers' self-management, and the PZPR party organization have distanced themselves from the strike.

In Poznan, the first issue of the WIELKOPOLSKA GAZETA HANDLOWA, the first postwar private regional weekly of publishers and journalists, appeared. Zbigniew Czerwinski is the editor in chief. The weekly is the journal of the Wielkopolski Economic Society. [passage omitted]

Abroad

[Passage omitted] Abel Aganbegian stated that the Soviet Union has moved forward along the road leading toward convertibility for the ruble, the lack of which, in the United States, is considered the major obstacle to the development of cooperation with the Soviet Union. During the press conference prior to Aganbegian's meeting with representatives of the Economic Club of Detroit (United States), the Soviet scholar also said that near the end of the current 5-year period, the Soviet Union "will be able to convert the ruble into a hard currency within the Soviet Union at an exchange rate set by the state." However, prior to the end of this century, convertibility of the ruble will also be introduced in foreign transactions. [passage omitted]

The Hungarian National Bank has organized a loan of \$73 million on the Vienna financial market, Konrad Rumpold, director general of the Laenderbank, reported. The Laenderbank is one of four Austrian financial institutions underwriting the Hungarian loan. The loan is to be repaid over seven years at a rate of 8.25 percent. Due to the great interest in the loan, its sum may be increased by 50 percent. Hungary is the second CEMA country (after the Soviet Union) that has issued a loan in the Austrian market. [passage omitted]

[No 40, 1 Oct 89 p 2]

[Excerpts]

In Poland

[Passage omitted] For the first time after the war, the government has issued a domestic state loan. From 2 October to 30 December 1989, the 23 branches of the Polish Security Bank and the 20 main post offices in 17 voivodship cities will sell bonds emitted by the minister of finance with denominations of 100,000 zloty, 500,000 zloty, 1 million zloty, and 5 million zloty; purchasers will pay 30 percent less than the nominal value of the bonds. The bonds will be repurchased for the nominal values 6 months from the date of the sale, and four months from the date of sale, they can be used to pay tax obligations. Repurchases will be conducted through the end of 1990. It is expected that the state treasury will receive 420 billion zloty. Further emissions of short and long bonds are planned. [passage omitted]

An agreement between representatives of Solidarity and the PZPR committee at the Kazimierz-Juliusz Mine has been signed. It calls for the PZPR Factory Committee to leave the management building, and the localization of the Factory Committee "outside of the mine premises" will be the subject of further negotiations. [passage omitted]

Abroad

[Passage omitted] Barber Conable, the president of the World Bank, announced that the bank will soon renew credits for the PRC that were halted after the bloody suppression of the student demonstrations at the beginning of June. Other than India, China is one of the banks largest debtors. [passage omitted]

Peter Medgyessy, deputy premier of the Hungarian People's Republic, told a journalist for the NEPSZABADSAG that in striving to reorient its foreign economic relations, Hungary does not intend "to turn its back" on the socialist countries. (He pointed to the difficulties in finding new markets for Hungarian products.) The goal is rather to base relations with these countries on market principles. These questions are to be one of the subject of the deliberations at the upcoming meeting of the MSZMP.

The Hungarian rail-car factory Ganz has transformed itself in the partnership Ganz-Hansiet, which is 51 percent owned by British industrialists (12 million pounds). The unprofitable Ganz is to be fundamentally reorganized. The partnership intends to export locomotives to Great Britain and continue shipments to the USSR, for now for rubles; but later, it intends to change to settlements in convertible currency.

Half of the respondents to a survey by the Hungarian Institute for Public Opinion Research judged collectivization a proper move, and 40 percent were opposed. Only 31 percent of the respondents called for parcelization of the lands belonging to the agricultural cooperatives, and 40 percent were for the development of private agriculture.

Over the 20 months since the adoption of the law permitting foreign investments in Vietnam, more than 70 permits have been issued to enterprises from 14 countries to initiate economic activity. The economics ministry estimated the value of the planned investments at \$700 million. Six of the largest projects involve exploitation of oil and gas deposits; in all, they represent a value of \$150 million. Until now, nearly half of the approved projects have been implemented. The majority of the capital is coming into Vietnam from Hong Kong, Australia, and Thailand. [passage omitted]

[No 41, 8 Oct 89 p 2]

[Excerpts]

In Poland

[Passage omitted] On 2 October 1989, the Council of Ministers met under the chairmanship of Tadeusz Mazowiecki. It adopted a proposed law on the details of socio-economic planning for 1990 and some changes in other laws. The point of the proposed changes in planning for 1990 lies in resigning from the preparation of a central annual plan.

On 2 October 1989, at a meeting of the Economic Committee of the Council of Ministers, Minister Jacek Kuron was assigned the task of coordinating efforts by particular ministries in the war on poverty. The proposals of the ministry of labor and social policy call for achieving a relation between retirements and wages in 1989 identical to that for 1988. [passage omitted]

In conjunction with the 250 percent increase in the price of butter, among other things, in Warsaw, the minister of finance ordered the justification for such a sharp increase be studied. Simultaneously, the anti-monopoly office of the Ministry of Finance will study the degree of association of such drastic price increases with the monopoly position of the dairy cooperatives and will take appropriate action. [passage omitted]

Beginning 1 October 1989, prices for train tickets increased an average of 50 percent and bus tickets by 40 percent. Seat reservations in trains and a ticket from the conductor will cost 500 zloty. The new price for a monthly pass for workers and for the general public (train and bus) are equal to the price of 48 regular single tickets, a monthly school ticket is the equivalent of 10.

The minister of internal affairs has decided to dissolve all of the Mechanized Units of the Citizens' Militia. In 22 voivodships, however, preventive units of the Citizens' Militia will be formed. These units will specialize in patrol service in order to preserve order and peace. [passage omitted]

The Car Factory Workers' Self-Management has resigned from production of the "X" car. [passage omitted]

Abroad

[Passage omitted] According to the Japanese press agency Kyodo, the ministers of the "Group of Seven" have not reached agreement on aid for Poland and Hungary. Although they have recognized the need for such action and have decided that their countries will for now implement individual aid programs. The Japanese government "is seriously studying" Poland's request for restructuring or reducing its debt to Japan. [passage omitted]

According to official data in August 1989, shipments of goods to Bulgaria rose by 11.6 percent in comparison with the same month of 1988 and by 9.3 percent over July 1989. Over the eight months of 1989 they have increased 10.6 percent in comparison with the same period in 1988. Simultaneously, it was reported that government commissions for 10 of 48 products covered by that form of planning were not met. In 66 state enterprises, the production of market goods was lower than for the eight months of 1988.

The Cuban daily GRANMA critically noted the conclusion of a contract between Transimport and the Hungarian enterprise Ikarus and the Hungarian Bus Exports for shipments of spare parts for buses in use in Cuba during the first six months of 1990. The cause of the criticism is the price increase of 20 percent in comparison with prices for 1989 and by 40 percent in comparison with the average for the last five years demanded by the Hungarian side. The Hungarian side justified the increase on the basis of the structural changes in the Hungarian economy and the ending of state subsidies. The Cuban side points out that the conditions of the contract impede its resolution of the city transit problems.

[No 42, 15 Oct 89 p 2]

[Excerpts]

In Poland

On 9 October 1989, the Council of Ministers met under the chairmanship of Tadeusz Mazowiecki. It adopted a proposed law changing the organization and operations of cooperatives. [passage omitted] The proposed law is to ensure the liquidation of monopolies and monopoly practices in cooperatives, and it is also to create conditions for self-management and independent operation. A proposed change in the law on the organization of the general courts was also adopted. [passage omitted]

On 16 October 1989, the Polish Security Bank increased the interest rates for savings deposits. The highest rate is 96 percent.

The need for power and electricity is now more than 1,000 MW greater than during the same period in 1988. Simultaneously, Poland is receiving less energy from the USSR: instead of 800 to 1,000 MW, only 130 MW is flowing into the domestic network. In conjunction with

the reduction, the State Power Dispatcher has announced limitations on supplies of electricity. [passage omitted]

On 7 October 1989, the Economic Committee of the Council of Ministers discussed the plans for social protection for those groups most exposed to the effects of the implementation of market mechanisms in the economy. It discussed, among other things, a proposal for food coupons. [passage omitted]

Abroad

[Passage omitted] James Baker, the American Secretary of State, rejected rapid admission of the USSR to the IMF, the World Bank, and GATT. He justified the position on the basis of the incongruity of the Soviet economic system with the principles of operation within these institutions. [passage omitted]

At its last convention, the British Labor Party warned Solidarity against "Thatcherism." Gerald Kaufman, the minister for foreign affairs in the shadow cabinet, declared that he greeted Lech Walesa in Great Britain as a trade union socialist. Laborites think that the move from a command economy to a market economy involves an unduly large threat and recommended a mixed, state-private, economy. [passage omitted]

[No 43, 22 Oct 89 p 2]

[Excerpts]

In Poland

On 16 October 1989, the Sejm adopted a law changing the principles regulating indexation from general to equalization. There were 133 abstentions. [passage omitted]

On 16 October 1989, the Council of Ministers adopted a package of legal acts increasing the supplement to wages and other benefits for food price increases by 23,700 zloty. [passage omitted]

On 14 October 1989, several important decisions were made at the meeting of the Economics Committee of the Council of Ministers. It approved, among other things, a change in the principles regulating subsidies for coal mines so that they ensure the mines only the essential, and thus a small, profit. It also decided to end the maximum limits on interest rates for loans and to give banks greater independence in setting interest rates. Particular decisions on central investments were made. Over the next 15 months no new tasks are to be begun and further financing for the open-pit lignite mine in Szczercow, the Budryk coal mine, and the Warsowice coal mine were delayed. The construction of the Bogdanka coal mine is to be continued on the condition that it become an enterprise investment. The fate of the power plant in Zarnowiec has not been settled. [passage omitted]

On 16 October 1989, retail prices for domestic tobacco products increased by 65 percent and for imported ones, by 70 percent. Prices for private automobiles also increased; for example, for a Fiat 126p (the face lifting version) costs 9 million zloty; the FSO, 14 million zloty, the Polonez, 20 million zloty. Prices for Ursus tractors were also increased from 6.5 million zloty to 16.2 million zloty. [passage omitted]

Abroad

[Passage omitted] The German Economics Research Institute (DIW) in West Berlin published a forecast according to which exports from the FRG to the Soviet Union will be 11 billion DM in 1989 in comparison with 9.4 billion DM in 1988, reaching the record levels of 1975. West German exports to other socialist countries, except for Romania, are also rapidly increasing.

In China, official data on the national debt, which reached \$40 billion at the end of 1985, were published for the first time. The cost of servicing the debt, however, does not exceed 20 percent of the income from exports. In 1985, China borrowed \$15.8 billion in new loans; in 1986, \$21.4 billion; and in 1987, \$30.2 billion. [passage omitted]

The youth paper TAP CHI THANH MIEN announced its opposition to exports of labor from Vietnam to other socialist countries. It reported that 210,000 individuals went to work in the USSR, the GDR, Czechoslovakia, and Bulgaria in 1980-88, but barely 150 million transfer rubles flowed into Vietnam. This income can only be used in settlements with socialist countries and were chiefly used to pay debts.

Adebayo Adedeji, the chairman of the of the UN Economics Commission for Africa, warned the countries of that continent that they must expect a reduction in foreign aid due to the fact that a portion of the funds they could receive will be used for reforming the countries of Eastern Europe. Over the course of the last 10 years, the debt of the African countries has increased from \$48 billion to \$230 billion, and the number of countries on the continent considered among the poorest has increased from 17 to 28. [passage omitted]

Lenin Shipyard Revitalization Plan Threatened

90EP0230A Warsaw GAZETA WYBORCZA in Polish
14 Nov 89 p 2

[Article by Wojciech Zaluska: "Troubles With the Lenin Shipyard"]

[Text] Experts from the London companies Apple Dor and Arthur Andersen who are appraising the assets of the Lenin Shipyard at the request of Mrs. Piasecka-Johnson got stuck in the thicket of Polish finances and legal regulations.

The work which they were originally scheduled to complete within 30 days is now in its 4th month. Despite the

work nearing completion, it is known that the deadline for initiating the partnership on 1 January 1990 declared in "the letter of intent" will not be met. At present, Mrs. Piasecka is proposing the first quarter of next year. The signing of the previously announced 27-page "preliminary contract" did not come about during her last visit to Gdansk on 6 through 9 November.

On Friday, Solidarity functionaries and Director Tolwinski had to quell the emotions of a group of employees from K-3 and W-5 shops. Those most excited said: "Let them liquidate the shipyard. We will finally know where we stand. Those who have quit earlier are already working for private companies making twice as much as we do."

"Those who have quit" received "severance pay" in the amount of six monthly salaries (at present, about 2 million zlotys) which the employees of liquidated enterprises are entitled to. The shipyard workers counted on similar severance pay at the end of this year and good pay "under Mrs. Johnson" next year. The postponement of the time of initiation of the partnership dashed these hopes. The workers are also afraid that the "law on unemployment" prepared by the government will manage to cover the shipyard. In the opinion of many people, the law will reduce the entitlements of employees of liquidated companies.

Lech Walesa, embarking on an overseas trip, also received without enthusiasm [the news of] delays in establishing the partnership. The Solidarity chairman took to the United States and Canada the offers of 74 Polish enterprises and the image of Poland as "the country in which it pays to invest." The latest decisions in the matter of the shipyard may expose him to difficult questions.

The Sejm "Bugaj commission" which will arrive in Gdansk on 18 November in order to study the soundness of the decision to liquidate the Lenin Shipyard will find itself in a difficult situation for other reasons. Paradoxically, the workforce of the shipyard may now turn out to be the greatest defender of a controversial action by Rakowski. After all, cancelling the decision on liquidating the shipyard would deprive the shipyard workers of "severance pay" and a title to earlier retirement.

It is not clear how Mrs. Johnson would receive such a verdict. Recognizing that the decision was not justified would improve the reputation of the shipyard among its partners. On the other hand, the legal situation of the shipyard would change which could once again delay the point for initiating the joint venture and necessitate a revision of some provisions already made. However, the determination of Barbara Piasecka-Johnson to set up the partnership is not in any doubt.

During her last visit to Gdansk, the American multimillionaire declared that she would transfer the money necessary for continuing operations to the shipyard as early as this year.

Solidarity's Jerzy Borowczak says: "Mrs. Piasecka wants to give us an opportunity to make money. However, many people who have become accustomed to gratification-oriented attitudes over 40 years are mainly thinking about an easy 2 million by virtue of severance pay."

Sales of Pharmacies Raise Ownership Issues

90EP0209E Warsaw ZYCIE WARSZAWY in Polish
2 Nov 89 p 3

Article by (ewd): "Privately Owned Pharmacies"]

[Text] More and more people want to buy pharmacies. Almost 150 people are now applying for franchises and promissory notes. Small pharmacy shops located in attractive commercial parts of towns are the ones most eagerly purchased. Selling of medicines entails considerable costs. Initially, 30-50 million zlotys must be laid out. Not only is it necessary to pay for the franchise, but for a three-months' supply of medicines. Rent is also no trivial expense. Mainly because of this, all of the large state pharmacies are operating at a loss. The housing cooperatives and the municipal housing administrations are constantly raising the cost of leases for premises. For example, the pharmacy on Prozna St. in Warsaw pays 1,700 thousand zlotys a month, just for leased space.

Those applying for a franchise to operate a pharmacy must also buy the furniture and equipment which is already there. That is why, more and more, private pharmacies are being purchased by four or five people, who pool their money to make the necessary payments. On 25 September 1989 a convention of former pharmacy owners and their families was held in Warsaw. Before the war and for several years afterwards—to 1951, precisely, 80 percent of the pharmacies were in private hands. Most of them were operated by the same families, handed down from generation to generation. The factories producing medicines and apparatus were also owned privately. Almost overnight, their owners were deprived of the right of ownership, and with no compensation, the equipment, raw materials and finished medicines in the warehouses were confiscated, along with the money deposited in bank accounts.

Now, when the law on economic activity makes it possible for individuals to buy franchises to operate pharmacies, we should take care to see to it that these pharmacies go to former owners. But this is not happening.

Decisions to grant a franchise or promissory note are being made without determining who owned the place in question. Nor do the "Cefarms" which sell equipment to a specific pharmacy determine this. Why, for example, were owners of cement plants, boarding houses, bakeries, and mills, given compensation and not pharmacists? It is high time that attention be given to this matter, especially since the first attempts to recover ownership are already being made. The heir to the former owner of the pharmacy at 31 Goraszewski St. in Warsaw has turned to the ombudsman in this matter.

The Ministry of Health does not make decisions on sales of medicines for dollars. And many people are applying for franchises. The problem is patient entitlement to free or low-priced medicines. If they were sold for dollars, they would have to be paid for in full. However, the law in Poland permits patients to apply to the Ministry of Health for a refund of the amount overpaid in foreign currency. Should we not try to remove these entitlements in the case of medicines purchased for dollars? If Pewex can import them, then why cannot the private owners of pharmacies? After all, Pewex, too, requires a prescription, but these are always fully paid prescriptions, irrespective of whether the patient is entitled to a 70 percent reduction. Without a doubt, medicines for dollars in private pharmacies would cost less than those imported by Pewex.

Szczecin Restructuring Effort Focuses on Private Bank, Initiatives

90EP0226C Warsaw *RZECZPOSPOLITA* in Polish
13 Nov 89 p 3

[Article by (k-p): "Restructuring Szczecin Style: a Private Bank and a Modern Cement Mill"]

[Text] Just as other areas of our country, Western Pomerania is facing the need to change its economic orientation in a quite fundamental manner, restructure its industry, and open considerably wider to private enterprise. An important role in this process goes to the local administration which should support the transformation of the economic order as much as possible. The recent nomination of a team for establishing the directions of restructuring in the voivodship by the Szczecin voivode is a manifestation of this approach.

Along with the voivode, representatives of the OKP [Citizens' Coordinating Committee], the deputy and senator delegation of the OKP in Szczecin, the regional Association for the Support of Economic Initiatives, and councilors of the Voivodship People's Council are among 15 economic functionaries on the panel.

Many specifics were discussed as early as the inaugural session. A specially nominated commission is to develop a schedule of activities making possible the restructuring of the economy in Szczecin Voivodship. An initiative aimed at setting up a private commercial bank in Szczecin also received complete support. The voivode undertook to prepare adequate accommodations for the office the task of which will be to accept the funds coming in from abroad and allocated for developing various private economic undertakings, among other things.

An initiative of the West Pomeranian Economic Association involving the commissioning (following an auction) of old and construction of two new brick plants with an output of 14 million bricks a year each was also supported by the group. One of the brick plants will use furnace ash from the Lower Odra Power Station in the

vicinity of Szczecin as an ingredient in brick production, at the same time utilizing heat from the Szczecin Steel Mill.

A request by this steel mill was also discussed. The mill intends to build a modern cement plant in the territory of the voivodship within just 3 years, in cooperation with a Japanese partner, for an outlay of about \$150 million with the use of loans extended by the World Bank. The cement mill will operate as a joint venture allocating one-half of its output to the domestic market. Against this background, a request was made to carry out in-depth studies of the system of protecting the environment against pollution and the eventual influence of the future cement mill on its condition.

Small Electric Power Stations May Relieve Energy Shortages

90EP0209F Warsaw *ZYCIE WARSZAWY* in Polish
6 Nov 89 p 2

[Text] (PAP) The 70 small hydroelectric power stations now operating, aside from the public utility power stations, supply about 15 million kilowatt-hours of energy a year to the power network. This is not an amount large enough to significantly affect the energy totals of our country. As a rule, the energy is used in the immediate area.

Let us remember that the Council of Ministers resolution on the development of the small hydroelectric power industry is already over 8 years old. It guaranteed the creation of the economic conditions necessary to make production profitable. This pertained to the sale of energy to the state power network. This requirement was fulfilled by tariffs different from those for other producers, although the price relationships existing in the power industry were, and are, rather paradoxical.

The energy flowing from the small power plants was bought by the state network at official prices higher than those which were in effect for the consumers. At present, these are contractual prices, and establishing them at a level which would ensure that the "little ones" show a profit is the responsibility of the Power Industry and Brown Coal Community.

The profitability of starting-up and operating hydroelectric power stations was one of the main topics at the recent general assembly of the Society for the Development of Small Hydroelectric Power Stations in Straszyń near Gdansk. The society is also concerned about cooperation with power plants, primarily in technical matters. Of the 70 small power stations, 20 are owned by state enterprises, 10 are operated by cooperatives, and 40 are in private hands. Approximately 110 such structures (the largest number in Olsztyn Voivodship—21) are being put into operation.

Marian Hoffman, the president of the society, says that the greatest problem is the restoration of existing, but unused, facilities. Many small, private power stations, at

one time taken over by the state, then taken out of operation and now on the verge of ruin, can still be used.

But now their owners are not willing to part with them. Yet they themselves are not particularly eager to invest in them. The directors of the State Grain Elevators and the presidents of the "Peasant Self-Help" Gmina Cooperatives, have several hundred such power plants and the number of various official obstacles facing us are increasing. The society proposes that the escalating costs of building the equipment be covered from appropriated funds, e.g., from the Environmental Protection and Water Management Fund now being created.

Environmental protection, in addition to the unquestionable profitability of such ventures, is another reason why they should be undertaken. There are many institutions and persons who would like to set about doing this, but as a rule they meet with rejection or high payments are demanded of them for devastated structures.

Market Role Proposed for State Reserves

90EP0209A Warsaw RZECZPOSPOLITA in Polish
2 Nov 89 p 4

[Article by (an): "State Reserves as a Market Instrument"]

[Text] The country's new economic policy requires modification of many bills and decrees, still on the books, which had been based on the orders-directive system. This also pertains to the 1984 bill on the principles of creating and managing state reserves. A draft amendment of this bill has already been prepared, but before it goes to the Economic Committee of the Council of Ministers it will be examined and evaluated by the pertinent ministries.

The main intent of the change is to 'economize' the reserves (aside from their defense and minimum-protection portion), make them an instrument which will

more effectively influence the market and become part of the country's economic processes. Using suitable amounts of reserves, for example, it may be possible to take advantage of the economic situation on the foreign markets.

If the social situation required rapid export of some product and its price were high at precisely that time, or showed a rising tendency, then the market would obtain deliveries from reserves. These, then, would be supplemented, and the price relations would become more favorable. It is no secret that in the case of sudden intervention purchases with immediate delivery, prices are always the highest.

Important changes also involve the creation of greater flexibility in the management of reserves. In addition, the draft envisages the granting of certain privileges or preferences for reserves, as practiced in other countries; for example, ensuring this institution the right of first purchase on commodities markets.

Daihatsu Plant in Zeran Rumored

26000008 Warsaw RYNKI ZAGRANICZNE in Polish
No 138, 18 Nov 89 p2

[Text] According to the well informed opinion of Japanese business circles, Warsaw's FSO [Factory of Passenger Cars] will produce automobiles on the license of Daihatsu [the Toyota Group] in 1992. According to the businessmen and bankers from the Land of the Cherry Blossoms, the Polish side is very intent on the swift initiation of licensed production of the medium-liter auto in the Zeran factory.

On 10 December a delegation from Japan will arrive in Poland, which will be composed of the representatives of the two main automobile firms: Daihatsu and Toyota and also three trade corporations: Mitsui and Co, C. Itoh and Co, and Sumimoto Corp. The Japanese are to carry out talks in the Ministry of Industry and in the Factory of Passenger Cars.

GERMAN DEMOCRATIC REPUBLIC

Roots of Current Reform Seen in Reformation

90EG0094A East Berlin DEUTSCHE

LEHRERZEITUNG in German 3 Dec 89 p 12

[Article by Prof. Dr. Gerhard Brendler: "Reformation and Reform"]

[Text] Reform—for the longest time that term had a negative connotation in our political mode of thought. It sounded much like social democratic reformism, in other words something considered pernicious, something a decent Marxist devoted to the GDR simply would not do. It resonated in the discussion between Lenin and the Mensheviks, abridged to the Stalinist orthodoxy of the antagonism between reform and revolution. The present popular movement for the democratization of our society definitely shows that such a negative attitude toward reform is wrong in principle. In our schools also we now need to frankly admit that which has been an open secret for the past 15 years in the study of history and the theory of revolution: Reform and revolution are not opposites.

On the contrary, we are aware that reforms and reformations are types of revolution. The transformation of the social order is their common denominator. No revolution can do without reforms, and when a reform or series of reforms not only affixes new nameplates to the doors of institutions but truly transforms society, reform does the work of revolution. The decisive factor is that an old (and usually corrupt) ruling class is dislodged and removed from power, and that, as a result, society is able to breathe more freely while production can develop more rapidly and with fewer obstacles. That applies to our present-day movement just as much as to all previous revolutions.

Today's Popular Will and Revolutionary Crisis

Reforms, reformations, revolutions—the terms overlap so much that they are exchangeable—always arise when a society is in crisis. We are said at present to be in a crisis. That is no more than a half truth. In fact we are not just in a crisis, we are in a revolutionary crisis. And, according to Lenin, such a crisis is characterized by the fact that the rulers are unable to continue ruling as before, and that the popular masses refuse to continue living as before. The replacement of the corrupt SED [Socialist Unity Party of Germany] leadership, the mass exodus and mass demonstrations show that these prerequisites of a revolutionary crisis have been met here in their purest form.

There is but one real outcome of a revolutionary crisis: To carry out the revolution quickly and with determination. This involves the break-up of the old ruling apparatus and the transformation of the entire system by means of reforms. Anyone refusing or delaying reforms in such a situation provokes rebellion, and no appeals for

calm and reason can stop a people on the move from sweeping away all those who oppose the popular will.

Popular Movement in the 16th Century

Our people first lived such a movement in the 16th century. It was the revolution begun by Martin Luther. Marxist historical scholarship in the GDR assessed the reformation in connection with the Peasant War as an early bourgeois revolution. That continues to hold true and is not to be gainsaid. On the contrary: The present time amply demonstrates the truth of this assessment. Its significance really consisted in using the 16th century material to think through a particular ideology and to disseminate a perception that we were not allowed to state with respect to the actual situation in the 20th century. At stake was the need to point to reformation as a developmental form of revolution and, thereby, undermine the Stalinist structure of the explanation of history.

The course of the 16th century reformation is instructive for the present, especially because it was the first revolution on German soil and turned out to be the model for national attitudes with regard to the achievement of progress and to handling conflict. The above needs to be stressed, not least because we are now at last returning to the national substance of our history and must make an end of imported models for coping with various situations. One of the reasons for the breakdown of the former ruling system in the GDR is the fact that, after 1945, a revolution was imported and enforced from above. Only now are we experiencing a genuine popular revolution for socialism from below, and for that purpose we need to remember what has happened in German society in the past.

To briefly recapitulate the most important aspects: The Church had become the focal point of all contradictions in German society, because it was controlled by a universalist center in Rome against the interests of the emerging German nation. Martin Luther broke the link with Rome in theological terms, because he denied the right of any established authority—including that of the Pope in Rome—to rule and heal the conscience of the individual. It is up to Jesus Christ and nobody else to rule and heal conscience. That was Luther's fundamental perception and set the conscience free to walk upright. As a result the Church's hierarchical discipline collapsed. The Church stopped (temporarily) acting as the ruling instrument of feudalism. An ideological power vacuum arose. That was the real precondition for the development of a popular movement for the top to bottom reformation of the Reich. This popular movement broke the link with Rome, it refused obedience to the bishops, transformed the situation of the Church in the cities, used church wealth for the benefit of the parish. When that movement reached the village, it turned into the Peasant War. Insofar the Peasant War simply represents the radical reformation in the countryside, and insofar the Peasant War is the climax of the Reformation or early bourgeois revolution.

And Again Appeals at the Church Portal

At that time, the Church turned into the area where the old ruling system was attacked with the greatest fury, and where all contradictions met. In the first roughly three weeks of the new reformation in the GDR, an entirely analogous phenomenon arose: This time also much began by appeals attached to church portals; people assembled in the Church and then marched on city hall, where the mayor had to answer to them. This time around the Church was one of the triggers, because a

stupid atheism had deliberately marginalized it, and because a corrupt dictatorship had seen to it that the Church was the last free refuge for people wishing to express some of their real thoughts.

The 16th century rebellion of the lower clergy against the bishops has its analogy in the rebellion of the SED rank and file against the corrupt party leadership. Just as in the 16th century the reform of the Church was a rallying point of the popular movement, our people now insist on the abolition of the SED's exclusive rule.

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