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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

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28 March 1985

EAST EUROPE REPORT

ECONOMIC AND INDUSTRIAL AFFAIRS

CONTENTS

INTERNATIONAL AFFAIRS

Statistics on USSR-GDR Maritime Trade Published (PRESSE-INFORMATIONEN, No 130, 6 Nov 84).....	1
--	---

CZECHOSLOVAKIA

CPCZ Presidium Discusses Transportation Problems (Editorial; RUDE PRAVO, 6 Feb 85).....	4
CPCZ Presidium Discusses Housing Policy (Editorial; RUDE PRAVO, 18 Feb 85).....	7
Lenart Addresses Suppliers of Nuclear Power Project (PRAVDA, 22 Feb 85).....	10
New Substance 'Pragotes,' Supply Delays (Frantisek Liska; RUDE PRAVO, 2 Mar 85).....	12

GERMAN DEMOCRATIC REPUBLIC

Minister Lietz on Agricultural Production, Price Reform (East Berlin Domestic Service, 15 Jan 85).....	14
Construction Minister on 1984 Housing, Industrial Construction (East Berlin Domestic Service, 17 Jan 85).....	16
In-House Development of Rationalization Means Emphasized (Claus Kroemke; EINHEIT, Vol 40, No 1, Jan 85).....	18
Action Initiated on UN Charter for LDC Economic Development (Helmut Faulwetter, Willi Luchterhand; ASIEN, AFRIKA, LATINAMERIKA, Vol 6, No 12, 1984).....	26

Aid to LDC Industrial, Housing Construction Sector (PRESSE-INFORMATIONEN, No 135, 16 Nov 84).....	38
Statistics Published on Streetcar Transportation (PRESSE-INFORMATIONEN, No 118, 9 Oct 84).....	40
East European Economy 1981-1984: Growth, Reforms, Foreign Trade (Hans-Hermann Hochmann; OSTEUROPA, Vol 35, No 1, Jan 85)..	42
Biotechnology's Role in Production, Agriculture Viewed (Manfred Ringpfeil; EINIGKEIT, Vol 40, No 1, Jan 85).....	55
Soil Quality Improved Through Organic, Mineral Fertilizers (Eva Mai; URANIA, Vol 60, No 11, Nov 84).....	64
Material Resources Form Basis for Agricultural Productivity (Gerhard Kaulitzki, Dietrich Klaus; KOOOPERATION, Vol 18, No 12, Dec 84).....	69
Agricultural Aircraft Bring Results (BAUERN-ECHO, 28 Dec 84).....	79
Agricultural Cooperative Councils Promoted (FRANKFURTER ALLGEMEINE ZEITUNG, 15 Jan 85).....	80
Objectives in Railway Electrification Outlined (Guenther Knobloch Interview; PRESSE-INFORMATIONEN, No 139, 27 Nov 84).....	81
Briefs	
Trade Protocol With India	84
Meeting With Indian Minister	84
Coke Savings in Smelting	84

HUNGARY

Committee To Regulate Enterprise's Altered Management System (MAGYAR HIRLAP, 2 Feb 85, 31 Jan 85).....	85
United Chemical Works Regulations Workers, Managers in Procedures, by Attila Kmetz	
Enterprises Income Regulation Model Discussed (PENZUGYI SZEMLE, No 12, Dec 84).....	90
Establishment of Mixed Enterprises Described (FIGYELLO, No 7, 14 Feb 85).....	92
Foreign Exchange, Balance of Payments Viewed (Ivan Wiesel; MAGYARORSZAG, No 7, 17 Feb 85).....	94

New Tasks of National Savings Bank Described (Jeno Sziemay; NEPSZABADSAG, 20 Feb 85).....	98
--	----

Contents of Long-Range Plan Reviewed (Janos Illes Interview; FIGYELO, No 7, 14 Feb 85).....	103
--	-----

ROMANIA

Importance of Automobile Industry Cited (Tancu Purcaroiu; ERA SOCIALISTA, No 2, 25 Jan 85).....	108
--	-----

Production of Metals for Top Industries Discussed (Ion Dragan; METALURGIA, No 11, Nov 84).....	113
---	-----

Strategy for Intensive Development of Economy (Gheorghe Cretoiu; ERA SOCIALISTA, No 2, 25 Jan 85).....	118
---	-----

Joint Foreign Exchange Policy for 1985 (SLUZBENT LIST SFRJ, No 71, 31 Dec 84).....	126
---	-----

Yugoslav Computer Production in Cooperation With West (Josip Rajman; ZERO UN INFORMATIQUE HEBDO, 17 Dec 84).....	144
---	-----

INTERNATIONAL AFFAIRS

STATISTICS ON USSR-GDR MARITIME TRADE PUBLISHED

East Berlin PRESSE-INFORMATIONEN in German No 130, 6 Nov 84 p 6

['Facts and Figures' report by Press Office, Chairman, GDR Council of Ministers: "'Bridge of Friendship'---Main Thoroughfare at Sea Between the GDR and USSR"]

[Text] Within the space of 10 years, 67 million tons of freight have been shipped via the "bridge of friendship"; the total in 1984 will be over 8 million tons. FDJ [Free German Youth] members from our fleet and from the ports of Rostock, Wismar, and Stralsund are joining forces in this international youth project together with Komsomol members from the fleets and ports in Riga, Klaipeda, Murmansk, and Archangelsk in order to master with a high degree of efficiency the growing demands posed by shipping and handling operations. The heavy flow of goods, especially the importation of apatite, iron ore, metals, and cut timber and the ro-ro traffic with Riga, puts the young people on the docks and at sea to a real test.

Since the start of the "bridge of friendship" youth project 10 years ago, young people have been carrying out a variety of activities in making their contribution towards the strengthening of socialist economic integration and consolidation of the friendship that exists between our two countries. The bridge has become the most important transportation route in the continually increasing trade with the Soviet Union. As much as 57 percent of the imports that our republic will obtain this year from the Soviet Union will be shipped by sea.

About 50 youth collectives from both countries' ships and ports are directing their efforts in joint international competition toward accelerating ship turnaround time and introducing scheduled service for shipments of bulk goods as well.

As the result of joint activities conducted by the youth collectives, since 1974 the turnaround time of ships running the Riga-Rostock-Riga route has declined from 16 days to 8.6 days for the current year. The goal for 1985 is to achieve a turnaround time of only 7 days.

Every year, 2.7 million tons of metals are sent by way of the ports of Klaipeda and Rostock to enterprises within our republic. The metals are transported

entirely by scheduled service on six vessels. This makes continuous ship processing possible at the ports of call.

The freighter "Maxhuette" is counted among the best GDR ships traveling on the "bridge of friendship" route. By making optimal use of the cargo hold, FDJ members want to carry 15 percent more cargo during each sailing.

During 1984, the volume of container shipments by sea between the GDR and the USSR will double compared to the previous year. It increased by five times between the years 1978 and 1983. This is of great importance for rationalizing transportation processes between the shipper and the receiver. A competitive agreement was signed between collectives from the Latvian Ocean Shipping Enterprise, from our fleet, and from the port of Rostock in order to achieve the tasks at hand.

A variety of ties have formed between the collectives involved in the "bridge of friendship" international youth project on the basis of pacts of friendship. Direct comparison between port collectives and ship crews in socialist competition and public review of results are stimulants for achieving high performance and contribute in a major way toward determining and broadening top work results. Here the annual joint competitions for the title of "Best Fork-Lift Driver" and "Best Crane Operator," as well as comparisons of accomplishments and exchanges of knowledge, have proven to be especially effective.

The temporary exchange of specialists and work collectives from ships and ports also encourages the mutual exchange of knowledge regarding the best work methods and their broad application.

Young experts from the partner ports are working in common on research and development assignments, for example, on the rationalization of transportation and handling procedures and on lowering transportation costs, especially in terms of the consumption of energy and materiel, while at the same time seeking to increase the quantities shipped. Since 1981, FDJ and Komsomol members have presented the results of their efforts at joint exhibitions for tomorrow's experts. This year's exhibition took place during the "Days of Friendship with the Latvian SSR in the Rostock Bezirk." On display were 119 exhibition items which produced savings of over 7 million marks.

Collaboration between FDJ and Komsomol ship and port collectives is also distinguished by the existence of joint friendship camps, sporting events, and frequent gatherings, especially among the ship crews. They include visits to concerts and the theater, joint social events, photo exhibitions, and solidarity bazaars.

The best young employees of the "bridge of friendship" participate in the friendship camp, which this year took place in Riga. Young seamen, dockworkers, technicians, and economists are here able to reach agreement regarding further cooperation in the field of science and technology, while studying the revolutionary traditions of the brother country and strengthening their personal contacts.

As the highest organ for the international youth project, the "bridge of friendship" working staff coordinates the joint efforts of the FDJ and the Komsomol, analyzes results, passes on knowledge gained, and awards the "bridge of friendship" medallion to the best collectives and the best young people. This year in March, the working staff passed an agreement to continue until 1990 cooperation between the FDJ and the Komsomol on the "bridge of friendship" youth project.

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CSO: 2300/281

CZECHOSLOVAKIA

CPCZ PRESIDIU DISCUSSES TRANSPORTATION PROBLEMS

AU261648 Prague RUDE PRAVO in Czech 6 Feb 85 p. 1

[Editorial: "Task and Possibilities of Transport"]

[Text] The report of the Federal Statistical Office on plan fulfillment last year states that the transport-intensiveness of the national economy further declined in 1984. The shift of freight transport from roads to the less energy-intensive railroads continued; the share of railroad and inland water transport increased. The amount of goods moved by the enterprises' internal vehicle transport remained roughly at the level of the preceding year, which means that the planned reduction of the enterprise transport relative to total road freight moved by road did not materialize.

The transport needs of the national economy and the population are basically being ensured. The 16th Congress enjoined a 5 percent reduction of transport-intensiveness and, as is becoming evident, there exist prerequisites for a reduction by 7 percent. Railroad transport was to account for at least 70 percent of total transport performance, but last year it already accounted for almost 75 percent. Public road transport currently accounts for almost 54 percent of total road transport performance and its share will have to be increased 1 percent this year [to meet the directive of the 16th CPCZ Congress].

Although the transport sector generally meets the transport requirements of the national economy and fulfills its tasks in terms of volume, it does not meet the targets regarding the quality of the transportation as regards timeliness, speed, reliability, and comfort, this applies especially to railroad and urban transport.

It is no coincidence that transport is often called the artery of the national economy. Its activity always exerts a significant influence on both production and trade. However, just as transport influences individual sectors of the national economy, so it is effected by them. For a transport to be trouble-free, shippers must meet their obligations according to the plan. Although cooperation between shippers and transport has improved, it is still not free of trouble. There are times when, if we are allowed to simplify, there is nothing to load and other times when the railroads can hardly cope with the demands placed on them. For transport to be reliable, the transport sector must have good equipment and well-maintained tracks, which is also a prerequisite of safety.

As was noted by the CPCZ Central Committee Presidium, which on 24 January dealt with problems of the transport sector, the failure to fulfill the quality aspects of the transport process has both subjective and objective causes. The rate of planned structural changes in the redistribution of transportation modes does not fully meet the requirements for streamlining the transportation system and reducing its energy-intensiveness. The shift of transportation made from road ways to the railways and waterways is proceeding very slowly. Both forwarders and shippers do not adequately support the integration of the transportation systems. The results achieved heretofore in reducing transportation demand are the result of only individual measures, mostly such as fuel problems. We still lack a comprehensive system of influencing transport-intensiveness in the field of planning and evaluation.

For rail transport to be able to compete with road transport, it must be faster than it is now. However, this often proves impossible because of the limited pass through of major railroads, shunting junctions, and the poor track quality preventing higher speeds. Track maintenance cannot be accomplished without better quality equipment.

Some 70 percent of all rail transport is currently effected on routes of the first and second traction [TAH] and no changes are expected in the future. Any shunting [of equipment] from operations on the two main tractions thus inevitably impairs the quality of transport and interferes with the flow.

Although the decision has been reached in principle as to which types of transport should be given preference, this principle is not being complied with in the development of the individual forms of transport. Road transport could be cited as a case in point. Public road transport should have priority but, the Czechoslovak National Bus and Freight Transportation Enterprise [CSAD] has available only 10.2 percent of the total number of vehicles while planned enterprise-owned transportations has 44.7 percent of the vehicles, and unscheduled enterprise-owned transportation, including agricultural vehicles, has the remaining 45.1 percent.

In the years to come, our national economy will also aim at reducing transport demands. By 1995, that is, within 10 years, transport requirements should decline 17 percent. The orientation toward less energy-intensive forms of transportation--that is railroads and inland waterways--will continue. In road transportation, priority must be given to public road transportation which should account for at least 61 percent of the total operations of planned road transportation by the end of the Eighth 5-Year Plan [1990] and for at least 64 percent by 1995.

Practice shows, however, that no matter how persuasive the arguments about the advantages of railroad, river, and public road transportation may be, they will not succeed without systematic measures and controls.

For several years now, the transportation sector has been meeting the needs of the national economy according to plan. This certainly does the transport sector credit. Behind this accomplishment is the dedication of tens of thousands of transport employees. On many occasions, gratitude has been publicly conveyed

to them for their work. However, if emphasis is placed on quality in all sectors of the national economy, the transport sector cannot be exempted. There continue to be too many instances of lack of discipline and slovenliness which, among other things, is reflected in the number of accidents.

The CSSR Government has recently adopted a number of measures for individual forms of public transportation for the Eighth 5-Year Plan. These measures take the needs of the transportation sector into account. However, the possibilities of the national economy, especially those of investment nature, are not unlimited. The CSSR Government has also approved the main directions for rationalizing the CSSR transportation system in the Eighth 5-Year Plan. Gradually, it will discuss the problems of individual sectors, including among other things, the proposal of principles of a law for the transportation system; questions making the automobile freight transport more economic and reducing its energy-intensiveness; and the draft of the state goal oriented program "Integrated Transportation Systems" for the years 1986-90. The government will also evaluate the social programs for public transport employees and discuss the draft of a social program for the Eighth 5-Year Plan, aimed at manpower stabilization.

As the CPCZ Central Committee Presidium stressed at its session, all other sectors must fulfill their obligations toward the transportation sector. It is hard to visualize good quality transportation without the availability of good quality locomotives, rail cars, buses and trucks, streetcars, trolleybuses, ships and without needed spare parts. The transportation sector cannot ensure all of this by itself. However, it is its duty to properly maintain these assets and to manage them economically. In this field, too, the transportation has a lot to set straight and make up for.

The transportation sector has always been faced with great demands. The transportation employees' work is under constant control because production enterprises, foreign trade, the domestic market, but also commuters who travel daily to work or to school as well as any passengers, whether they are on business or travel for pleasure, depend on the activity of this important sector.

Let us wish that, next to the evaluation that the transport sector meets the needs of the national economy, we will also be able to read that it does so with good quality. It is primarily the employees of the transportation sector who must see to this; but everyone else, must also fulfill his commitments vis-a-vis transportation.

CSO: 2400/303

CZECHOSLOVAKIA

CPCZ PRESIDIU DISCUSSES HOUSING POLICY

AU261515 Prague RUDE PRAVO in Czech 18 Feb 85 p 1

[Editorial: "Appropriate Care for the Housing Resources"]

[Text] Housing, as one of the basic needs of life, whose standard contributes to people's satisfaction and to deeper involvement in work and social life, has always been in the center of our party's interest. We are a country in which the solution of the housing problem has become a foremost objective of the party's and the state's economic and social policy.

At its 6 February session, the CPCZ Central Committee Presidium discussed the basic problems and trends of the party's and the national housing policy in the years to come. The future trends foresee maintaining the current rate of solving the housing problem, systematic modernization plans, a more effective maintenance and better management of the housing resources.

In discussing the housing problem, the Central Committee Presidium noted that substantial progress had been achieved in housing construction, due to our state's purposeful effort. Some 4.3 million people, that is, more than 28 per cent of the population, have moved into apartments built in the last decade.

The CPCZ Central Committee Presidium at the same time critically examined some weaknesses in housing construction and the maintenance of the housing stock.

As living standards improve, the demand for a higher standard in housing, grows. A number of apartments in many cities of all regions have been designated which lend themselves to adaptation so that they correspond to contemporary housing requirements. In Prague's Second District, for example, 6,000 such apartments have been selected; but the process of renewal will also affect the Third, Eighth, and other districts. Similar plans have been drawn up for Brno, Plzen, and other, mostly large cities. From the viewpoint of society's needs, this form of adaptation will make it possible to preserve the cities' characteristic appearance, especially in the downtown areas, as well as their architectural diversity and the craftsmanship of their former builders. All this gives the streets and squares their traditional features.

It is also necessary to mention that houses are built to last approximately 100 years. If they are not subject, at the right time, to a thorough and

comprehensive renovation, they might as well be written off. The repair costs of buildings neglected for too long are unbearable for the society. The loss of apartment buildings cannot be avoided completely, but it should never exceed 1 percent of the total housing resources a year.

Speeding up the rate of modernizing the housing resources presupposes that we learn from the mistakes that slowed it down in the first half of the eighties when the housing modernization plan was not fulfilled. The causes of the failure to fulfill this plan are to be found in all areas of the investment process. Shortcomings in the investment and design preparation lie, above all, in the underestimations in the surveys of the buildings structural conditions, in unjustified exceeding of financial limits, in the subcontractors' failure to adjust their capacities; and in the failure of national committees to ensure the investment process in political-organizational terms. The main problem in this process has been the vacating of apartments and making available substitute housing. Excessively complicated methodological regulations have also been causing difficulties.

This highly demanding investment activity helps to make a substantially better use of the costs spent on housing construction. In the future, it will also have to compromise the reconstruction of engineering networks and public facilities. It will be necessary to create more energetically the appropriate conditions for this. In this endeavor, we will not avoid changes in the approaches of agencies and organizations involved in the preparation and realization of comprehensive housing construction. To assert the new plans and more effective approaches, changes will have to be made in the type of activity of local construction enterprises and in the structure of a part of the centrally-administered construction sector.

National committees are the main organizers of the national housing policy and are expected to devote paramount attention to housing policy issues. Further improvements in the methods of planning and financing will be essential so that they promote modernization much more effectively and play the desirable role in ensuring sufficient design capacity.

In modernizing, it is often necessary to make up for the neglected maintenance of the housing resources. This includes leaky roofs, unrepaired facades, windows, doors, and other exteriors of apartment buildings. However, this greatly expands the originally planned scope of improving the quality of apartments and often, if the degree of neglected maintenance is more extensive, it places severe constraints on the subcontractors' capacities. The extent of repairs and maintenance of the housing resources will increase in the future. This is mainly due to the continuously increasing number of apartments; however, no less important is the fact that the construction systems used in the last 25 years are much more maintenance-intensive than traditional building technologies. The planners will have to take these factors into account in allocating funds.

The resources that will have to be earmarked for the maintenance of houses in socialist ownership are formidable. To get this work done in good time and with adequate quality, sufficient subcontractors' capacities will have to be established.

The process of construction, modernization, and maintenance will increasingly presuppose the cooperation of citizens in implementing those measures, which will not apply just to the sphere of individual and cooperative housing. It is primarily the communal housing that suffers from the greatest neglect which, to a considerable extent, is due to its users. The essential thing in the future will be the endeavor to improve all types of housing as well as the appearance of the surroundings. The quality of the living environment is a concern of the society, as well as of the individuals living in a certain area. Joint interest presupposes, naturally, that citizens participate with their own work in improving the living environment.

The responsibility of national committees, which administer the housing will further increase in the future. After all, despite extensive construction, not all those interested in family housing have been satisfied as yet, while there are apartments which are not appropriately used for the purpose for which they were built. The urgent demand is justly being voiced that an end be put to speculations with apartments, unlawful machinations in swapping apartments, and so forth.

Taking care of one of the greatest riches of the society, and displaying justice in the process, is undoubtedly a truly assiduous and, at the same time, a highly exacting and responsible activity. An apartment is worth hundreds of thousands of korunas. So large a sum sometimes tempts an individual to abuse the trust and opportunities he enjoys as well as the existence of weaknesses in regulations, which may sometimes lead to frauds or speculation. Such instances did occur in the past and, regrettably, they still occur. Not infrequently, bodies protecting socialist legality must use the strictest provisions of the law to deal with them. The just penalties imposed on the perpetrators should serve as a warning and, above all, as an impetus to look for ways of forestalling such wrongdoing.

The socialist society purposefully establishes conditions for meeting the needs of its citizens. This also fully applies to housing. However, no society can proceed from mere pious wishes. It can only be guided by the potential of its national economy. This also fully applies to housing construction, its modernization, and its maintenance.

CSO: 2400/303

CZECHOSLOVAKIA

LENART ADDRESSES SUPPLIERS OF NUCLEAR POWER PROJECT

AU261215 Bratislava PRAVDA in Slovak 22 Feb 85 p 1

["(PA-DAS)"]-signed report: "Mobilizing for Smooth Work"]

[Text] Levice--After an inspection of the construction site of the nuclear power station in Mochovce, a work conference was [21 February] held yesterday in Levice by selected leading party and economic workers of supplier organizations with the participation of Jozef Lenart, CPCZ Central Committee Presidium member and first secretary of the Central Committee of the Slovak Communist Party (CPSL); Julius Hanus, first deputy premier of the Slovak SR; and representatives of central, regional and district party and state bodies.

The purpose of the conference was to review the fulfillment of the resolutions adopted by the CPSL Central Committee Presidium and the presidium of the CPSL's West Slovak Regional Committee on the construction of the nuclear power station, including the preparation and realization of ancillary and follow-up investments in Levice District. Despite the successful fulfillment of last year's tasks, a complicated situation continues to exist on the site in the investor-supplier sphere. This year's plan charges the builders with the task of investing a total of Kcs734.6 million. The difficulties are caused particularly by the delay in blueprint documentation for a smooth course of construction work in the first and second production blocks and on the machine premises. Current urgent problems include the solution of ancillary and follow-up investments in the Levice District. In particular, it is necessary to speed up the construction of a polyclinic in the district center; the deliveries of drinking water and heat for the new apartments are a limiting factor; the problem of transportation to the site has not yet been solved; and the construction of shopping areas and other social and cultural facilities are also behind schedule. But if the construction of the electric power station is to continue on schedule, it is imperative that these projects are accorded the priority that is commensurate with the social importance of the entire construction project.

In his address, Comrade J. Lenart appraised the builders' work to date. He stressed that economizing in building design facilities in the power industry is economizing in the wrong place; it has an adverse effect on the entire construction of new sources of energy. He also urged the staff in charge to speedily resolve the long-term problems in the social sphere. At the same time he pointed out the possibilities provided by a multipurpose utilization

of the new buildings once the builders of the electric power station have left; this may considerably enhance the efficiency of the entire process of current construction in the district. Comrade Lenart appealed to the honor of communists, trade unionists, and all participants in the construction who, by developing the power industry, are establishing the prerequisites for our country's further economic growth.

The draft of the adopted measures orients all the participants in the construction toward resolving the key problems of the construction project so that the direct course of the work ensures the commissioning of the first and other blocks on schedule.

At the conclusion of the conference the representatives of the party and trade union organizations and the enterprise management presented Comrade Lenart with a collective all-enterprise socialist pledge for this year, which was announced yesterday [21 February] in Levice at a festive aktiv meeting of builders. The document was adopted by six key supplier organizations. In it they promise to establish organizational and technical conditions that would make it possible to fulfill all this year's tasks in construction.

CSO: 2400/303

CZECHOSLOVAKIA

NEW SUBSTANCE 'PRAGOTES,' SUPPLY DELAYS

AU041212 [Editorial Report] Prague RUDE PRAVO in Czech on 2 March 1985 on page 2 carries a 550-word article by Frantisek Liska, entitled "Wastage Is Something We Cannot Afford; Pragotes Calls For Help."

In his article, Liska states that "switching from town gas to natural gas in Prague and other cities is a difficult matter. The natural gas is drier, something which in low-pressure and house pipes affects the sealing properties of hemp in the threatened connections of pipes. Its drying out causes gas leaks. In Prague, for example, gas deliveries had to be turned off to quite a few homes for this reason."

The substance Penetrol 32, manufactured by an Austrian company, which serves to "regenerate" hemp in connections, is not only "rather expensive," but also "not available," and the product Slovates--which is just as good--developed by the Novaky Chemical Works, is only at the pilot production stage.

But there is a solution, Liska continues. The Research Institute for Fuels in Prievidza has developed a technology that is as effective as Penetrol or Slovates. It has been given the name Pragotes. Pragotes consists of five chemicals and the Czech Gas Works have given their permission to use it according to rules applying to Slovates and Penetrol.

However, "despite the fact that Pragotes can be produced from domestically manufactured chemicals, complications occurred last November." This was caused by the non-availability of Polyethyleneglycol p-300, produced by the Novaky Chemical Works, which informed the Prague Housing Reconstruction (PSO) enterprise, who wanted to test Pragotes, that they do not supply it to small-scale users, and the nearest large-scale consumer, the Chema enterprise of Horni Pocernice, no longer had it at that time. Chema will supply the PSO with the necessary quantity of Pragotes when it gets this year's first consignment from Novaky.

Liska asks whether it really was an insoluble problem for the Novaky Chemical Works to comply with the LPSO's request and thus speed up tests. And are things going to stand with regard to allocation of the substance after the completion of tests and the acquisition of the "product-suitability certificate" from the State Testing Office? After all, Liska says, already now there is a great interest in Pragotes statewide.

Pragotes, he goes on, has many advantages: It is non-poisonous, non-inflamable, and effective, and even suitable as anticorrosive protection. Not making use of it would be a "costly affair, laborious, and unpleasant all-round," since one would have to go on exchanging leaking gas-pipe connections, which are mostly under plaster or underground, the "traditional way."

Can we afford such a waste, and turn off gas to entire houses because of trifling leaks, when we have Pragotes at our disposal? Liska asks, adding that anyone who has a say in the matter of Pragotes' production should not remain indifferent to this problem.

CSO: 2400/303

GERMAN DEMOCRATIC REPUBLIC

MINISTER LIETZ ON AGRICULTURAL PRODUCTION, PRICE REFORM

DW170909 [Editorial Report] East Berlin Domestic Service in German at 1600 GMT on 15 January carries a 45-minute recorded "Listeners Forum" program in which Bruno Lietz, minister of agriculture, forestry and foodstuffs, answers listeners' questions about his ministry's activities. He notes that each day GDR peasants supply the people with 6,750 tons of slaughter cattle, 19,900 tons of milk, 13.6 million eggs, 7,700 tons of potatoes, 1,600 tons of fruit, and 3,900 tons of vegetables. Despite the extreme weather conditions, a good plan start has been recorded in all bezirk. "As of yesterday evening, the plan for slaughter cattle had been fulfilled with 108 percent, the plan for milk with 104 percent, and the plan for eggs with 112 percent. He says that the people are being supplied with good-quality products and stresses that "a normal development of economic processes is ensured."

Asked whether the agricultural price reform that was introduced in January 1984 has proved successful, Lietz says that it has stimulated production and thus contributed to increased national revenues. Regarding junior staff in the agricultural sector, he says that the target in the 1981-85 period was to recruit 85,000 apprentices--65,000 for cooperatives. Including those students who will finish school in 1 September 1985, this target will be fulfilled with 108 percent. The minister considers it to be very useful that a growing percentage of apprentices for the cooperatives and people's-owned landed estates come directly from the villages. In his view, it is "remarkable" that "by hiring the hitherto largest number of young skilled workers out of professional training, sending nearly 3,000 young people to LPG's within the framework of the FDJ animal production initiative, regaining workers, and reducing the worker turnover in 1984, we have been able to further increase the percentage of youths in socialist agriculture. In absolute figures, this means about 22,000 more young people."

Asked what his ministry is doing to improve vegetable production and supply, Minister Lietz refers to the resolution adopted by the Politburo and the Council of Ministers in August 1984, and adds that all types of vegetables that can grow in specific regions must be cultivated there so as to reduce shipping. Vegetable acreage will be increased in those areas where secondary energy can be profitably utilized, for instance, in greenhouses near brown coal plants. The supply of protective sheeting that is important for vegetable production will be increased to 117 percent in 1985.

Housing construction in rural areas has been increased since the 10th SED Congress, Lietz says, and more than 12,000 apartments have been handed over to cooperative farmers and workers. During this 5-year plan, housing conditions will be improved for more than 150,000 citizens. In addition, older houses will be modernized and renovated. On the whole, 80,000-90,000 apartments will be newly built, renovated and modernized.

Answering a question about the modernization of the preservation and canning of food, the minister notes that like in all other economic sectors, "greater refinements must also be implemented in this branch. This means that basic production areas must supply greater quantities with better quality." There is a specific program to increase meat and milk production, which will be further implemented in 1985 and particularly in 1986. The individual production of cooperative farmers will be stabilized and "fully integrated within production output and will thus contribute to the supply." There are still problems with the sale of small animals, Lietz states, but at the meeting in Markkleeberg last week, "arrangements were made to establish additional procedures to ensure the smooth sale and quick transportation of animals to the slaughter houses."

CSO: 2300/321

GERMAN DEMOCRATIC REPUBLIC

CONSTRUCTION MINISTER ON 1984 HOUSING, INDUSTRIAL CONSTRUCTION

DW180843 [Editorial Report] East Berlin Domestic Service in German at 1600 GMT on 17 January carries a 45-minute recorded "Listeners Forum" program in which construction Minister Wolfgang Junker answers listeners' questions about industrial and housing construction. He says that this year M56 billion will be invested in industrial construction, which is an important sector for the development of efficiency in the economy. By reequipping, expanding, and newly constructing industrial plants, tasks will be solved that will lead to increased production increase in the industrial and consumer goods industries, he notes. The minister says that important projects in 1985 include increasing power production on the basis of domestic raw materials at the Jaenschwalde, Karl-Marx-Stadt, and Berlin-Rummelsburg power and heating plants. In addition, there are plans for increased production at the hot strip mill at Eisenhuettenkombinat-Ost, as well as plans for consumer goods production at Sternradio Berlin, at the Scharfenstein and Schwarzenberg refrigerator factories, and at the Kahla and Wettin porcelain factories.

Asked whether it is not necessary for industrial construction combines to make adjustments to meet these new requirements, Junker replies that this process was started several years ago, particularly in the field of new technologies which include "methods for the reconstruction of sewage systems, basic technologies for the repair of roofs, floors and walls and many other things." Some 150,000 construction workers are employed in industrial construction, and 200,000 in housing construction, he says. GDR construction workers also work abroad. The minister states that, for example, in the USSR, about 4,500 are working on 11 different sites along the gas pipeline. These workers include "in particular industrial construction workers from the construction and assembly combine for the chemical industry Halle, from the housing construction combine in Cottbus from construction mechanization." The minister stresses that the GDR's highly efficient construction sector "naturally must also contribute to exports, in particular by carrying out, building projects overseas and by exporting building materials." His recent visits to the People's Democratic Republic of Yemen and Kuwait served this very purpose, he says.

Answering several listeners' questions about housing construction, Junker refers to the 5-year plan and the targets reached in 1984, and criticizes the fact that social and community facilities are still not being completed "according to schedule and in good quality." He stresses that the preservation of existing buildings is becoming increasingly important within the framework of the

housing construction program. Therefore, the respective capacities are constantly being developed further. He says that in 1984, the performance of building repair shops increased by 16 percent as against 1983. This is partly attributable to the intensified utilization of industrial repair methods, better work organization in technological repair lines, and the improvement of the efficiency of express and damage repair service at the building administration enterprises.

Asked how his ministry intends to implement the housing construction program in Berlin, Junker notes that this will be done with the help of construction collectives from the bezirke as well as naturally also the Berlin construction workers. In this connection, many listeners want to know whether housing construction in the bezirk will now "proceed more slowly." The minister answers by saying that "a capital is a capital, and everyone is very proud of his capital," adding that "everything has been thoroughly discussed with the bezirk councils, and each bezirk will be in a position to contribute its share to housing construction in Berlin and at the same time fulfills the necessary tasks in its own area."

CSO: 2300/321

GERMAN DEMOCRATIC REPUBLIC

IN-HOUSE DEVELOPMENT OF RATIONALIZATION MEANS EMPHASIZED

East Berlin EINHEIT in German Vol 40 No 1, Jan 85 (signed to press 7 Dec 84)
pp 19-25

[Article by Claus Kroemke, SED CC deputy department head: "Production of Rationalization Means in the Combines and Enterprises"]

[Text] The implementation of the tasks relating to our party's economic strategy in many respects calls for more of a development of in-house production of rationalization means in the combines and enterprises. In his Politburo report to the ninth SED Central Committee session, Comrade Erich Honecker demanded that "this becomes the main base for the planned equipment investments. To enable the combines to enable whole technological processes out of their own capacity and use microelectronics in it on their own, it must be greatly developed quantitatively as well as qualitatively. This responsibility extends to all sectors characteristic of production in the combine."* These are the aspects under which one must look at the task set down in the law on the 1985 national economic plan to raise the in-house production of branch-specific rationalization means in the sector of the industrial ministries, which has already reached M 6 billion, to 119.8 percent compared to 1984. Through such growth in in-house rationalization means production, the combines and enterprises exercise their economic responsibility largely to create in their own sector the scientific and technological as well as important material prerequisites for boosting labor productivity, trimming specific energy and material consumption and, along with it, introducing new technologies. The availability of their own capacities for rationalization means production, which employs a total of 71,500 specialists, designers and technicians of the various fields, makes possible "tailor-made" rationalization solutions in the various enterprises for the concrete concerns of production and the working and living conditions. Yet even the best technological idea is of little use unless it takes shape in form of appropriate machinery and installations. Even so: The importance of principle of in-house rationalization means production is not exhausted when technological solutions are materially realized as such. What is decisive, rather, is that such a material realization of new technological solutions is linked with the modernization of

*Comrade Erich Honecker, "Aus dem Bericht des Politbueros an die 9. Tagung des ZK der SED" [From the Politburo Report to the Ninth SED Central Committee Session], Dietz publishing house, Berlin, 1984, p 42.

basic assets in place. By adapting them to the concrete production conditions in any given enterprise, it facilitates the most efficient and economical solution. That makes more in-house rationalization means production in the combines and enterprises a compelling inference to be drawn from the requirement for comprehensive intensification.

Derived from that, there are then some further reasons for the need and prospects of more in-house rationalization means production in the combines and enterprises. At its ninth session the Central Committee assigned the task to upgrade production assortments by an average of 30 percent annually. This concerns the high-grade quality of the products as well as their economically more favorable production. Such a production upgrading calls for having the entire organism of the combines and enterprises adapt to it. It mainly means an ever better ability to react flexibly to new design and technological requirements. Normally that is only possible if one has the tools for it "on hand," as it were, has one's own rationalization means production and is extending it.

Behind it stands the linkage between the product and the technology. That is becoming increasingly closer--mainly owing to the scientific penetration of production. Often there are products new in principle and based on new semifabricates that call for new technologies anyway. Microelectronics is an example. Increasing qualitative demands also call for specific technological solutions. The same is true when different materials are used that require special labor processes.

Production refinement, a fundamental task that determines the further prospects of our economy, mainly calls for the materialization of various technological solutions. That is brought out especially by a resolute orientation to the use of domestic raw materials and their processing into highly refined products. Technological solutions must evolve together with the product, and together with the technology we have to create the material conditions, through rationalization means production, to bring them out in the most economical manner. Nor must these projects, no longer separable from one another, be resolved one after the other, but by way of collectively organized approaches. Otherwise one can ensure neither qualities nor economically favorable production.

The time factor is just as important. Faster upgrading is not possible unless the new products are produced much faster. Making the needed equipment available at the proper time largely decides that the production of new products starts at the right time. Especially for export commodities that often is crucial.

It turns out that the stronger focus on rationalization means production in the combines and enterprises has its roots directly in the process of intensive extended reproduction and its deepening. "It must be developed everywhere as the factor that determines the speed in applying and broadly using the latest R&D data, i.e., new products and technologies. It then must solve all essential tasks in the introduction of new products and technologies to increase efficiency. Where ratioanlizaiton means production is advanced, we make the best headway in the innovator process also."* That assessment can be corroborated by international

*Guenther Mittag, "Nach neuen Masstaeben die Intensivierung umfassend organisieren" [Comprehensively Organizing Intensification by New Criteria], Dietz publishing house, Berlin, 1984, p 39.

developmental trends. Normally the large corporations have their own capacities to be able to produce the necessary equipment for the decisive technological processes in the manufacture of finished products, ancillary components and semifabricates. That holds true for automobile construction, electrical engineering and, particularly, electronics, for the chemical industry as for the glass industry--actually for all essential industrial branches. That makes for a constant specialization process on this basis, of course. Mostly--even historically--new production branches get started with an in-house production of the equipment typically needed in them. Later, specialized enterprises and companies emerge that manufacture all the production equipment or its most important basic components.

While completely new types of products as well as novel technologies evolve in consequence of the scientific and technological revolution, interestingly enough, one finds a stronger tendency again for the in-house production of the requisite equipment. That has to do with the fact that for such manufacture the crucial thing is the know-how, which in turn is materialized mainly in the equipment itself. As long as capitalist corporations can make extra profit by using such specific equipment, the attempt is made to use that know-how, in top products and top technologies, exclusively for their own output. Not until the new generation of products is readied for production through new technological solutions use is made of the previous technological data and experiences to sell them, often in conjunction with the production of equipment. That is the mechanism of the economic utilization of science and technology data under capitalist conditions. The tendency toward in-house production of specialized technological equipment is inherent to it.

Higher Labor Productivity While Improving the Working and Living Conditions

The core of the struggle for high labor productivity through rationalization undoubtedly lies in perfecting the production instruments applied, i.e., the machines and installations, or the introduction of new types of equipment by way of basic assets modernization. Proceeding from the fact that Marx established that "the analysis and application of mechanical and chemical laws, stemming directly from science, it is that enables the machine to do the same work the worker did in the past,"* any improvement in machinery brings about new scientific insights by means of which live labor is saved. This process of analysis and application of mechanical and chemical laws--to abide by the terms Marx used--with the idea of transferring labor functions to the machine is consciously being organized by the collectives in rationalization means production. Efficient enterprises or departments dealing with rationalization means production already have R&D capacities for important technological processes. They are using them to apply, through an analysis of production conditions as up to now and by using basic scientific and technological data, new or more deeply understood mechanical and chemical laws through improved and new rationalization means to boost the labor productivity.

*Karl Marx, "Principles of the Critique of Political Economy," "Werke" [Works], Vol 42, Dietz publishing house, Berlin, 1983, pp 599-600.

Rationalization means production thus assumes an important function within the overall organism of the socialist enterprise or socialist combine. It analyzes the available collective labor experiences, looks at them through the prism of the latest science data, and synthesizes out of it new practicable technological solutions. Their use brings it about that the working people's labor with modernized equipment becomes more productive. Not rarely in cases like that, labor productivity can be boosted far above the average. Through this above average growth in the level of labor productivity because of the use of the newly created rationalization means the total level of the boosted labor productivity in the enterprise or combine gets elevated. This process does not advance evenly but in consequence of the fact that technological processes are revamped bit by bit.

Of the greatest interest here is of course the "economical quality," which defines the higher level of labor productivity. The greatest economical effects are achieved through rationalizing toward automation. As is well known, automation differs from all previous developmental steps in rationalization by that now the directional and controlling function in the labor process also is transferred from man to the machine. This changes the role of man in the immediate production process fundamentally; a fundamentally new relationship arises between man and the equipment "to be operated." As today's stage of development already indicates, this relationship tends toward placing new and higher qualification demands upon the working people. They are mainly due to the fact that it is necessary, along with being able to cope with the technological processes themselves, to gain basic knowledge on the functionality and working method of the technological installations to be supervised. Along with technical knowledge of the traditional kind, there now is an emphasis placed on a higher responsibility for an interconnected technological process, on a rapid reaction capability in case of interference, and on ensuring coordination with other technological processes.

Yet even if one takes into account that in many cases there are transitional steps in the automation technology applied at present, and that man cannot always yet be relieved of activities in the immediate production process, a higher qualification level will in the end still be attained through working with automated equipment. Here then we find a special responsibility of rationalization means production to shape technology actively through in-house solutions so that it will simultaneously enrich also the substance of the work the working people do. Taking the human factor into account is a requirement that far exceeds the consequences of the transfer of technological and design data per se. The collectives in means of rationalization production in the combines and enterprises have the most favorable prerequisites for such tasks that conform with the requirements for the further shaping of the developed socialist society because they stem directly from the production conditions of the collectives in the users' areas and take fully account of their experiences. It presupposes, of course, that the collectives in rationalization means production work closely together with all other collectives in the combine and its enterprises.

The basic economic importance of in-house production of automated equipment for boosting labor productivity is that it releases manpower for coping with other economically significant tasks.

Combines and enterprises need such manpower to be able to start manufacturing new products, especially consumer goods. The manpower is needed for a multi-shift capacity operation of extant installations and, not last, interesting assignments are found for it in the development of the rationalization means production. Rationalization means production operating at a high scientific and technological level can effect for all labor employed there multiples of increases in labor productivity in comparison with previous jobs. And so the assignment of skilled labor in rationalization means production is an investment already bearing fruit and preparing for the future, above and beyond it, an important boost in labor productivity. This way rationalization means production becomes a direct source of strength for the developmental process of intensive extended reproduction in the combines and enterprises through using its own potentials, as an essential element of the "social total worker."

This is not only true with regard to the economic results of increased labor productivity. It also applies to the improvement in working and living conditions. After all, rationalization means production is intended to solve such tasks as the eliminating or diminishing of heavy physical and stressful labor activities and the diminishing of monotonous work. This twofold importance of modern automation technology must always be kept in mind, especially also when industrial robots are used.

Of ever greater importance for improving working and living conditions is the fact that the labor itself is enriched through new content and becomes more interesting. In view of the rising qualification level of the working people in our republic it becomes all the more important that--as many examples indicate--in the development and introduction of new technological solutions, not only everything that is technically feasible is paid attention to, but that at the same time everything is done to get the fullest use out of the available qualification potential of the people. To create solutions that make room for the application and further development of extant capabilities, in the drafting of which the working people with their thoughts must get involved from the outset, not only is good for efficiency. It also enhances the pleasure of people through being actively engaged in their labor, as their ideas and suggestions are admitted to new solutions and they sense the appreciation for what they have to say. Shaping new labor processes through rationalization never is merely a technical task. It must of necessity include scientific, psychological and sociological labor aspects in conformity with the criteria set down in our socialist economy.

Part of the Intensive Extended Reproduction Cycle

As with the forming and consolidation of the combines in the GDR the development of in-house rationalization means production was greatly speeded up in the enterprises and combines, this process, strengthening the reproduction capacity of the combines and enterprises, has already had great economic effects. It is characteristic that normally the quotas for the developmental rate of in-house production of rationalization means in the combines and enterprises are far higher than the--also rising--growth rates for net production in the combines and enterprises as such. Not a few combines assume that this is a basic developmental tendency, and they are oriented to the party's demands to increase that rate further. All this is done to ensure high growth rates in overall production for

the future in that all growth sources are tapped by way of intensification. That alone makes possible ensuring steadily increasing production performance while the expenditure drops for both live and embodied labor.

That remark has been fully confirmed by Prof Dr Karl-Heinz Jentsch from his own experience with successful work as the general director of the "Wilhelm Pieck" Combine, Mansfeld. As he recently explained, the future dynamic performance improvement of the combines can be achieved only "if means of rationalization production keeps pace with our time. So, for 1985, we have projected a circa 25-percent growth here in the parent enterprise."* Above and beyond that, as is indicated, ambitious scientific and technological solutions aimed mainly at high and highest grades in qualities can in principle also only be found through efficient capacities in in-house rationalization means production.

All that makes clear that the further development of in-house rationalization means production is not only a matter of enlarging outputs. It includes the solving of tasks that support a stronger science and technology penetration of the production processes and are apt to combine purposefully the experiences from diverse scientific and technological fields to find new technological solutions. Precisely when the spectrum of technological research and the work in rationalization means production is broader than that of the conventional technological processes in the combines and enterprises one will sooner find those original solutions that transcend what is already known, of which Comrade Erich Honecker spoke at the ninth Central Committee session. Consequently, many combines have started to integrate in their rationalization means production capacities for development, mainly for the use of microelectronics. That way mainly they want to get to more efficient automation solutions.

Rationalization means production gets new requirements from setting up automated production sections. As long as the technological process is divided among many separate jobs, there is no objective need for a scientific penetration and an unbroken machine and technical control over the entire technological process. What is not fully understood and controlled as yet in a technology, in terms of its inevitability of function, and can therefore not yet be realized through relevant automation techniques, that is left to the skill and experience of the men directly engaged in the process. So it is also possible to automate various jobs at varying degrees. But if it is a matter of automating interconnected production sections, the technological process must be scientifically understood down to the last detail. At the same time it is necessary to materialize such understanding through the design and use of new or improved machinery and equipment. Now the operational function of men is transferred to the machine almost without exception. That presupposes that there are neither any gaps in the scientific control over the entire technological process nor in the design of the requisite machine technology. Eliminating, especially, these last "white spots" often is a much larger challenge to technology than the mastery over a traditional labor process ensured through decades of experiences. For that, the consistent application of microelectronics has created a new base.

Yet the mastery over partial processes is only one side of it. The other one relates to ensuring their interconnected functioning in a by and large continual technological overall process. Production is technology in motion. Controlling

*NEUES DEUTSCHLAND, 21 November 1984, p 3.

it in automated processes calls for knowledge and skill not confined to the specifics of the technological process but extending also to the matters of automated cybernetics and the design and "installing" of robot techniques in the interconnected structure of entire technological processes.

What has here been said indicates that the ninth Central Committee session's orientation gives rise to complex requirements for the rationalization means production in the combines and enterprises. The composition of the personnel there and the labor organization have to conform to that. It is useful to combine as broad a spectrum as possible of knowledge and skills in the collectives in rationalization means production. At the same time it turns out that ambitious tasks are best dealt with in close cooperation with scientists at academic institutions.

All in all, rationalization means production becomes a catalyst for technical progress and intensification in the combines. It also turns out to be the most efficient way of placing investments. Investments prepared on the basis of in-house rationalization means production normally can be carried through much faster and attain their full capacity sooner. This is so because they grow organically from the soil and out of the capacities of their own combine or enterprise, conform to its conditions and--in contrast to completely new structures--are not grafted upon it. So they become much more efficient. And thus the rationalization means production becomes a buttress for modernizing the main form of basic assets reproduction. With its aid "mainly the modernization of self-contained production sections must be brought about so that step by step the whole production technology, while the available substance is used as much as possible, is raised unto a new and higher level."*

Rationalization means production with its collectives is a testing ground for each engaged in it in a very special way. Specialists get confronted with interesting and challenging tasks that exact all they know and can do. Designers and technicians have to take stock of the feasibility of their ideas immediately in every phase of their activity. That pertains not only to technical solutions but mainly also to the effects on the working conditions in the collectives that will later use the rationalization means. With it, the tasks have to be solved under the aspects of the time economy. High-grade labor and tight deadlines is no contradiction but a challenge to the highest creative commitment. The cadres in rationalization means production therefore acquire great scientific and technological as well as practical experiences in creating modern technologies.

In-house rationalization means production is an organic component of a modern socialist industrial combine in the GDR. Not only is it a result of the formation of combines, it also has beneficial repercussions through its capacities in the combine and its enterprises on the combine at large. Its development means that the manufacture of important and specific production equipment for essential technological processes in the combine becomes an integral part of its entire reproduction process. That defines the socialist industrial combine in the GDR not only as an aggregate of interconnected technological processes for

*Guenter Mittag, op. cit., p 38.

making end products, but also as one that makes its own machines and installations for these technological processes. At the same time, new linkage relationships in rationalization means production are generated with other combines and enterprises, especially such that make standardized parts and components for equipment. Though the main purpose of rationalization means production is to produce for the enterprises of one's own combine, a number of cases in robot technology have shown that efficient enterprises are perfectly capable of also supplying other combines and enterprises with certain rationalization means. Other opportunities for selling the data of one's own rationalization means production come from selling non-material services. Altogether, the rationalization means production capacities created thus far in the combines and enterprises are of significant economic importance. Decisive, however, continues to be not only the scope of their output but, with it, the effectiveness of their achievements in flexibly reacting to new demand requirements and in rapidly instituting highly efficient technologies to boost labor productivity and trim production consumption.

The overall development of rationalization means production and the fundamental economic importance of the steps attained thereby toward comprehensive intensification once again underscore the significance of the combines that became the feeding ground for it and are becoming a stronger one still. Here one can also see that the socialist planned economy, under our party's leadership, can produce the organizational forms of social labor in line with the requirements in the tremendous development of the productive forces that are needed now and for the future. It stymies once again the imperialist class enemy who believes he can hamper or even stop the smooth development of the socialist economy in the GDR through embargo or other measures. The example of rationalization means production also demonstrates that socialism can mobilize astonishing intellectual and material forces toward tapping new sources for the development and efficiency of the GDR economy by way of comprehensive intensification.

5885

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GERMAN DEMOCRATIC REPUBLIC

ACTION INITIATED ON UN CHARTER FOR LDC ECONOMIC DEVELOPMENT

East Berlin ASIEN, AFRIKA, LATINAMERIKA ... in German Vol 6 No 12, 1984 pp 182-192

[Article by Helmut Faulwetter and Willi Luchterhand]

[Text] Ten years ago, after a stormy vote, the United Nations (UN) adopted an important international document, initiated by Mexico, for economic cooperation among member states: the Charter of Economic Rights and Duties of States.¹

The 34-article document establishes principles and standards of behavior under international law that are designed to promote equal and mutually advantageous economic cooperation among states and to create a climate supporting economic progress in all countries, especially in the less developed countries [LDCs]. In view of the attempts by the imperialist countries, particularly the United States, to obstruct by all possible economic means the normal development of economic and scientific-technical cooperation among states and to block mutually beneficial cooperation, the principles and standards of behavior laid down in the charter continue to be of equally high political importance for the present as well.

The charter marks a turning point in the debate on the future shape of international economic relations. At the Third Session of the UN Conference on Trade and Development (UNCTAD) in May 1972, then-president of Mexico, Luis Echeverria Alvarez, submitted an important initiative that the UN work on a charter of economic rights and duties of states. The initiative was based on the idea that a basic document of the UN would be able to contribute to both the development of equal and mutually advantageous relations among all countries of the world, regardless of their economic and social systems, and the elimination of inequities and discrimination in international economic relations. The basic idea was to outline constructive ways for peaceful, stable international political and economic relations, keeping in mind existing global realities and the interests of all states. With respect to the specific economic problems of LDCs, the charter was to lead to a work program that would reinforce the economic and social development of these countries, support their struggle for economic decolonization, national independence and economic sovereignty, promote economic progress in these countries and prevent a worsening of their economic situation as well as guarantee equal and comprehensive LDC participation in resolving international problems.

From the very start, the GDR, together with other socialist countries, supported this idea and participated actively and constructively in drafting the charter. The socialist countries did so because this LDC initiative centered on resolving the key problems of our time and because the planned new framework for international economic relations was in line with the philosophy of socialism. In addition, the development of peaceful international political and economic relations, the central idea of the charter, has become basic government policy in all socialist countries and is firmly anchored in their constitutions. The socialist countries also played an important role in putting the LDC initiative into effect after more than two years of intensive work to draft the charter. UN preparation and acceptance of the charter showed the alliance between the developing and the socialist countries.

When, on 12 December 1974, the 29th Plenary Session of the UN General Assembly approved the charter by an overwhelming majority, Peter Florin, GDR deputy foreign minister and former permanent representative to the United Nations, stated, on behalf of the socialist countries, to the plenary forum, his willingness "to actively contribute to the realization of the progressive principles of the Charter of Economic Rights and Duties of States, which are designed to eliminate the inequities in international economic relations and to further those measures in international politics that guarantee a favorable environment for the peaceful development and socio-economic progress of all peoples."²

The acceptance of the charter in the UN was a turning point in the debate on the future shape of economic relations among states. It demonstrated the historic need to reform international economic relations on an equal and democratic basis. A few months earlier, the Sixth Special Session of the UN had reaffirmed a declaration that was important for the democratic realignment of international economic relations. That statement of 1 May 1974 says, among other things, "We, the members of the United Nations...solemnly announce...our joint determination to work, on a priority basis, on the establishment of a new international economic order, based on justice, sovereign equality, mutual dependence, common interests and cooperation among all states, regardless of their economic and social order, to correct the inequalities and eliminate existing injustices and to make it possible to close the widening gap between the developed and the developing countries as well as to guarantee to today's and future generations steadily accelerating economic and social development in peace and justice..."³ It is a declared basic goal of the Charter of Economic Rights and Duties of States to promote the above-outlined and aimed-for "new order."

The charter is a document on peaceful coexistence among states with a different social order. Sovereign equality, respect for political independence, peaceful resolution of international disputes and honest compliance with international obligations, noninterference in domestic affairs, respect for unrestricted sovereignty over their natural resources and economic activities, equal rights and mutual benefits, peaceful coexistence and the commitment of states to support general and total disarmament, renunciation of efforts to establish a position of hegemony or spheres of influence--these principles are

the core of the charter the members of the UN have promised to observe. These principles are to form the basis for the prosperous coexistence of all nations. By signing the charter, the UN members have committed themselves to economic and scientific-technical cooperation that is to be of benefit and mutual advantage to all and to serve peace. There must be no discrimination of any kind in international trade relations against any state on the basis of its social or economic order.

Imperialist attempts to apply economic pressure to achieve political good behavior are just as much ruled out as the policies of colonialism, neo-colonialism, apartheid, race discrimination and aggression. Imperialist nations pursuing such policies will be reminded of their responsibility to pay full compensation of the affected nations. As for the obligation set out in the charter to promote general and complete disarmament, the members of the UN have committed themselves to use the resources, which will become available as a result of effective disarmament measures, for the economic and social development of countries, notably for assistance to LDCs.⁴

By accepting the declaration and the charter, despite resistance from several imperialist nations, those forces in the UN who favor the inclusion of the general principles of international law in international economic relations, were able to outline the various areas that would benefit from changes in international economic relations. The documents indicate the direction and extent of those changes and, to a certain degree, also their time sequence and the priorities to be followed.

Apart from the priorities mentioned earlier, the present unilateral flows of earnings from LDCs to the imperialist countries--a result of exploitation by international monopolies and imperialist states--should be largely restricted or stopped. The entire system of profit and interest remittances, of excessive import prices or, conversely, depressed export prices in LDCs, the use in LDCs of natural and human resources without adequate compensation and the monopolistic domination of large parts of the production, trade, transportation and the currency and financial systems of those countries, which imperialism uses to carry out its tremendous exploitation of LDCs, must be replaced. Some of these flows would have to be stopped or at least restricted in the very near future; others, which distribute the benefits of international trade between both partners, would have to be put in place.

LDC efforts necessary to make the greatest possible use of their own resources, to mobilize the population for work and social progress and to prevent the parasitic consumption of their fruits of labor must be supplemented by the elimination of the neocolonialism. That, for instance, would mean that, by reducing international monopolistic exploitation, the LDCs would be able to keep many billion dollars worth of income a year. This could reduce economic backwardness in a drastic way.

The charter provides that the operations of international monopolies and private capital be controlled and regulated, that the negative effects of capitalist market and profit laws on LDC development be minimized and that the LDCs participate on equal terms in discussions and decisions on global economic trends.

The need for such democratic reforms of the international economic relations has been clearly demonstrated by the development of worldwide social conditions over the past decades. Just as the economic relations between the socialist and capitalist nations can, in the long run, not be conducted on the basis of capitalist market laws, so the young, newly independent nations must be accepted as equal partners in international economic relations. Such reforms have become possible. More than 100 such states in Asia, Africa and Latin America have gained visible influence on international politics. Together with world socialism, which has supported the national liberation process in these parts of the world from the very beginning, they are now able to carry out anti-imperialist reforms. At the same time, changes in the international balance of power have created a favorable climate for democratic reforms within the capitalist global economy. The existence of the socialist world system, the closing of ranks of the LDCs and the unified positions they are taking have forced imperialism to compromise. The socialist countries are practicing in their economic foreign relations the general democratic principles of international law. This has the effect of an example and model. They are supporting the developing countries with materials as well as in political and moral terms. It was due to their persistent struggle that the world moved from the cold war to an easing of tensions in the early 1970s.

The objective mechanisms and regulators of the capitalist economic system are not pressing for a new international economic order. Rather, they continue to practice exploitation, dependence and economic backwardness, i.e., the polarization of the capitalist economic global system. By so doing, imbalanced development is accelerating. The process of absolute impoverishment is spreading to larger and larger areas of Asia, Africa and Latin America. At present, the international monopolies and the imperialist states extort annually--directly or indirectly--several hundred billion dollars worth of profits from the developing countries. Drawn by thousands of threads into the international capitalist economic system and kept there firmly, they are entirely subject to the dog-eat-dog laws of international capitalism.

In addition, the prospects of the LDCs to improve their situation within the capitalist system through domestic measures are limited. Hence, for the peoples of Asia, Africa and Latin America, political struggle is an important way of carrying out the reforms.

Therefore, international politics is the main arena for the struggle to make the economic changes the LDCs insist on. The main form are all international organizations (especially those with general-democratic structures and respective functions), i.e., the bodies and institutions of the United Nations. However, the debate also found its way into other organizations and into bilateral relations.

As a very complex issue affecting all nations, this struggle for a new international economic order has now been going on for a decade. In the relations between LDCs and capitalist industrial countries, it extends to such areas as, for example, the monopolistic exploitation of raw materials, protectionism and monopolistic practices that obstruct LDC trade in semifinished and

finished products, LDC industrial development that is impeded by neocolonialism, the transfer of technology dominated by monopolistic profits, the financing and credit relations that make exploitation possible and promote it, and the crisis-marked capitalist monetary system. To an increasing extent, this struggle also addresses long-term problems such as the economic utilization of the oceans and space, environmental protection, the supply of mankind with food and energy, and population trends.

In spite of the problems still on the agenda, the relatively short timespan of 10 years produced some significant results. Many of the existing problems are being analyzed, defined and solutions are being worked on by the international organizations and their member states. For instance, it can no longer be denied that fundamental changes must be made in the capitalist monetary and financial system. Also, a number of Western governments must admit that protectionism plays an extremely negative role in international economic relations and that it must be reduced. Existing obstacles to LDC development have become more evident and they must be eliminated. It is in the interest of most peoples on this earth to limit the negative effects of the activities of international monopolies. Resolutions have been passed in international organizations that have led to a new reality. For example, progress has been made in putting together an "integrated raw materials program" and there are beginnings of progressive regulations in the international shipping area. The Law of the Sea Conference was brought to a close. A code of conduct for multinational corporations is in preparation, and so is a set of standards and principles for the transfer of technology. Agreement was reached on a comprehensive aid program for the least developed countries. The process of strengthening economic cooperation among the LDCs themselves has been accelerated. Still, from the outset, the international monopolies and imperialist nations have opposed most of these steps towards reforming international economic relations.

While the socialist countries are committed without reservation to putting the charter principles into effect, the leading imperialist countries are and remain unwilling to commit themselves. FRG Foreign Minister Hans Dietrich Genscher, in his speech to the 29th session of the UN General Assembly, stated very clearly, "The important dialogue on global economic issues began at the Sixth Special Session of the UN General Assembly in April of this year. We will have to continue the dialogue we started there and, in so doing, we will continue to need a lot of patience, perseverance and good judgment. It is of no use to anybody to make decisions that lack the support of all major global trading partners: nobody benefits from resolutions that question a world economy based on the international division of labor and the principle of free trade and that seek to replace it by a system of global regulations. Certainly, the present global economic order is not without faults or weaknesses. We, therefore, must develop it further, improve it and adapt it to meet the needs of all states."⁵ That, in effect, means: no reform of international economic relations on an equal and democratic basis, but retention of the capitalist global economic order based on exploitation, inequality and discrimination and even more adaptation to the requirements of transnational monopolies. Cosmetic improvements--yes, but no fundamental, labor-dividing changes in the position of the LDCs within the capitalist global economic system.

Only four weeks after the charter's acceptance, Baron von Wechmar, FRG permanent representative to the United Nations at that time, outlined before the German-American Chamber of Commerce in Munich the position of the imperialist states on the charter as follows, "This charter, introduced by the Third World under Mexican leadership, contains a number of articles which are unacceptable to us...The European Community attempted to postpone a vote on this charter to the next General Assembly in order to have time for further discussion and work out a compromise. When the developing countries rejected this, the FRG as well as the United States and Great Britain voted against the resolution. We did so because we were convinced that this resolution would harm not only our own interests but perhaps even more the interests of many developing countries. What the LDCs primarily need today, besides capital, is management, knowhow, a network of sales offices for their exports and the like. Nothing can meet these needs better and more efficiently than private investment. A provision such as Article 2 of the charter (i.e., the right of LDCs to nationalize multinational monopolies under national law--the editor), which at the very least causes fear that these investments are no longer protected by international law can only have the result of deterring Western companies from investing in LDCs."⁶ That is a clear rejection, backed by the interests of international monopolistic capitalism and their profit maximization, of the establishment of a new international economic order. The objective of these arguments is to make the negative practices of the international monopolies in the LDCs look like charitable practices, an attempt which continues to this day in the UN negotiations of the code of conduct for multinational transnational monopolies.

"The United States will not accept a New International Economic Order," one U.S. representative had already announced in 1975 at the Seventh Special Session of the UN General Assembly. This statement, also supported by other imperialist governments, was basically directed against the idea of improving the position of LDCs in the capitalist world economic system. The imperialists are opposed to initiating changes whenever the latter threaten the position of their international monopolies in that system and the advantages of the highly developed capitalist countries. For that reason, the Western nations opposed, in the early 1960s, the establishment of UNCTAD, an organization which discusses international economic relations issues under democratic conditions and which provides a forum for taking related decisions. They want, and continue to want, organizations which they dominate or at least are able to influence, such as the IMF [International Monetary Fund], the World Bank and GATT [General Agreement on Tariffs and Trade] to remain the decisionmaking centers for global economic issues. Or they voted against such commitments of the Charter on the New International Economic Order that reaffirm the sovereign right of the individual state over its national resources.

This attitude is basic because changes in the LDC position vis-a-vis imperialism, which would lead to a redistribution of income that is not advantageous to imperialist countries, oppose profit interests of the monopolies and because important changes that favor the LDCs could trigger movements that are beginning to affect the imperialist system as a whole.

In contrast, support for the national liberation movement is part of the foreign policy of all members of the socialist community. It has effects of many kinds on the struggle of the LDCs to enhance their position in the global economy. First of all, there is the influence of a truly existing socialism on world affairs in general, and that creates a "climate" and "space" for LDC activities. Second, we have an effective alliance in the struggle against those reactionary imperialist forces that want to block and delay this democratic reform process of international economic relations. Third and finally, the economic relations between the states of the socialist community and the LDCs are themselves the model for a relationship based on equal rights and mutual benefits.

The USSR and the other socialist countries have repeatedly submitted to the UN proposals for the establishment of international economic relations founded on the democratic principles of international law. As cosponsors of UNCTAD's establishment at the First UN Conference in 1964, the socialist countries, together with the LDCs, supported the acceptance of basic principles for international economic cooperation that was to pave the way for the democratic reform of international economic relations.

The declaration of the CEMA members, "The Preservation of Peace and International Economic Cooperation," emphasizes that it is now primarily a matter of carrying out all recommendations and agreements to develop mutually advantageous economic relations which the nations had jointly worked out and which are reflected in the Charter of Economic Rights and Duties of States, in the Declaration and Action Program to set up a new international economic order and other UN resolutions.⁷ From the beginning, the GDR supported the practical application of the charter by all countries and continues to stick to its promise to put it into effect in keeping with the joint declaration of socialist countries of 12 December 1974. Comprehensive comments, transmitted to the UN secretary general on 7 May 1984, are contained in the "GDR Position on its Contribution to Carrying out the Charter of Economic Rights and Duties of States on the Occasion of the 10th Anniversary of its Acceptance by the UN General Assembly."

Since its foundation, the GDR has provided the LDCs and national liberation movements to the best of its ability with extensive material, political and moral help to enable these countries to free themselves permanently from all forms of dependence, to overcome the unjust division of labor going back to colonial times and to resist neocolonial practices. Such principles as total equality, respect for sovereignty, nondiscrimination, mutual benefit and advantage, and noninterference in domestic affairs, determine the GDR's relations with LDCs. In 1983, the GDR spent the equivalent of .7 percent of its produced national income on assistance to LDCs and national liberation movements.⁸ This includes both material and financial aid.

These economic aid measures are concentrated, among other things, on assistance for setting up a productive state and cooperative sector in the economy in line with state development plans, for promoting the complex and balanced

development of the economic potential of LDCs, especially by the creation of an industrial basis and efficient agriculture, on assistance to tap their natural resources, cooperation in planning for economic and social development, assistance for creating the necessary scientific-technical potential and assistance for public education, professional training and the formation of national cadres, as well as for public health. The GDR assists LDCs in many ways on how to apply science and technology for their development. By sending experts, the GDR is providing direct help in preparing and carrying out important programs and projects designed to develop their economies. The GDR also attaches great importance to the least developed countries. In 1983, the total volume of GDR material and financial aid to the least developed countries came to .12 percent of its produced national income.

Pursuant to the relevant decisions of the Sixth and Seventh Summit Conference of Nonaligned States in Havana and New Delhi and in line with the Charter of Economic Rights and Duties of States, the GDR advocated in the UN bodies at the highest levels that the UN organize global negotiations on worldwide economic problems at the earliest date. The GDR had already supported such negotiations at the 11th UN Special Session (1980), stating that monetary and financial issues must be discussed and resolved within the framework of global negotiations and that all states must participate on an equal footing. The GDR considers the proposal of the Seventh Summit Conference of Nonaligned States to convene an international conference on monetary and financial issues as a step in the right direction since it has a direct effect on all states. The main emphasis of such a conference should, in the GDR view, be on a fundamental reform of the existing monetary and financial system of the capitalist world economy, and the solution to be sought should take account of the legitimate interests of all nations.

The GDR supports the work program of the United Nations to draft a code of conduct for multinational monopolies whose purpose, according to the mandate of the responsible UN commission, it must be to regulate and control the negative operations of multinational monopolies. Such a code could be of special benefit to LDCs in carrying out their sovereign rights vis-a-vis multinational monopolies, who are the main obstacle to a reform of the international economic relations on a democratic and equal basis.

In its practical foreign economic policies and by participating in the activities of international organizations, the GDR is working with great determination for the development of equal and equitable international trade relations among states. Together with other socialist states, it has submitted repeated proposals for restoring trust as the basis for stable trade relations and, in this connection, it has pointed out the need to adhere in their trade policies to the basic principles, rules and standards of trade and to eliminate protectionism. Attempts of political blackmail of the socialist countries and LDCs by way of trade embargoes, restrictions, sanctions, non-granting of the most-favored-nation clause and other discriminatory measures, do not only violate the spirit and letter of the charter, but they have also proven to be ineffective.

Like other socialist states, the GDR is of the firm opinion that economic relations among nations depend on continued adherence to the principles of peaceful coexistence in the interest of peace, progress and the resolution of the urgent global problems mankind is facing. This fundamental philosophy will also determine the future activities of the GDR to carry out the charter.

Realization of the charter principles remains the order of the day. The charter is a result of the tension-easing policies of the 1970s and, together with the UN General Assembly resolutions to establish a new international economic order, it has played a positive role in the reform efforts. Overall, the decade that has passed since the charter's adoption, has not achieved the expected progress in bringing about the democratic reform of international economic relations. Responsible for this is not the Charter of Economic Rights and Duties of States, but the violation of its principles by those nations for whom the charter was a thorn in the flesh from the outset. Disrespect for the universally accepted standards of relations between nations, economic aggression and exploitation in international economic relations, trade, credit and technology blockades, capital outflows, wooing away highly trained experts (brain drain) and subordinating foreign assistance to global-strategic goals brought the suffocation of all progressive beginnings of democratizing international economic relations.

Without a fundamental change in the destructive attitude of the imperialist countries, notably of the centers of imperialism, prospects for achieving a democratic system of international economic cooperation in the near future are limited. These prospects are further limited by the serious economic crisis in the capitalist global economy since the late 1970s. The imperialist states and international monopolies have passed on many of its drastic effects to the developing countries. For the first time since World War II, many LDCs are now experiencing a decline of their per-capita gross domestic product. Access of industrial goods from Asia, Africa and Latin America to the markets of the capitalist industrial countries has been further tightened.

The earnings of LDCs have dropped drastically while interest rates for credits they have assumed have risen enormously. Private medium- and short-term credits to LDCs have been cut over the years.⁹ Their balance of payments deficits have grown nevertheless. Debt burdens have reached crushing dimensions, now totaling in the neighborhood of more than \$800 billion.

The rearmament policies of the most aggressive groups of state-monopolistic capitalism have created dangerous imbalances and curtailed economic growth. This has also affected the economic relations of many LDCs. For example, it is getting more and more difficult for them to borrow from the international capitalist monetary and credit system. Aside from that, the imperialist countries have cut back on their economic assistance to LDCs. In addition, many of these countries have been forced to spend considerable and growing shares of their national incomes on weapons and wars. Some of them are to play regional policeman in the imperialist global fashion; progressive LDCs are threatened by invasions of imperialist soldiers.

For that reason, the situation for hundreds of millions of people in most Asian, African and Latin American countries has fast deteriorated. At the same time, imperialist exploitation has been growing. Visible profit remittances, particularly by international corporations, have risen. Plundering of LDCs through prices has increased.

These developments point up two important facts. First, the process of reshaping international economic relationships in a democratic way has begun to slacken. It is now stagnating in many areas. There are at present many barriers that work against its resumption. A number of major imperialist nations--especially the United States--is pursuing policies that inflame, and continue to poison, the political climate, leaving no room for a dialogue--also on democratic changes in international economic relations. Furthermore, the mechanisms of the capitalist international market transmit the effects of their crises to the LDCs to such an extent that they now have a very negative influence on LDC economic development. As a result, the situation of most LDCs within the capitalist international division of labor has deteriorated significantly. Second, these developments have aggravated the very conditions that, in past decades, led the LDCs to demand a new international economic order. Apart from monopolistic exploitation, some of these countries have become much more dependent on international markets and the economic policies of the imperialist states. Thus, their situation within the system of international division of labor has not improved at all. That is why the struggle of the anti-imperialist forces to reform the international economic relations remains as real and necessary as before. The imperialist course of confrontation will have the effect of accelerating the debate in international organizations of imperialist boycott policies, the raising of barriers in economic relations and on economic discrimination for political reasons. The issue of defining and introducing trust-building elements into international economic relationships becomes increasingly more important. On the agenda are the debate on the protectionism by imperialist states, the so-called global negotiations which are to deal, in the shape of a package, with questions relating to international trade, raw materials, energy, major LDC development problems and international monetary and financial issues. At the same time, the developing countries are planning to have an emergency program adopted to cover such topics as international debt problems, food assistance for a larger number of LDCs, so-called development aid--a necessary compensation for imperialist exploitation--, changes in the raw material markets in favor of LDCs, and fulfillment of commitments vis-a-vis the least developed countries.

The agenda also includes preparations for an international monetary and financial conference in which all countries of world are to participate. The various committees are to continue their discussion of the code of conduct to restrict the negative practices of transnational monopolies as well as the international technology transfer code. A series of "global questions" has already been raised, e.g., in the work program to protect the human environment up to the year 2,000, in LDC industrialization debates and in connection with the UN population conference.

In addition, the discussion continues about imperialist states and multi-national monopolies wooing away from the LDCs, without compensation, highly qualified cadres of specialists, about the so-called low-cost flag practice of Western shipping monopolies, about the position of several LDC raw materials that are exported to the capitalist world market, about the "restrictive business practices" of international monopolies. Progress in reforming the international economic relations over the next few years will largely depend on a number of factors and conditions which must be maintained or created.

The group of developing countries must act in unison and in a clearly anti-imperialist way. The success of the anti-imperialist forces in these debates depends overwhelmingly on the effective alliance between LDCs and socialist countries. A number of developing countries should pay more attention to that than they have in the past. The demands of the LDCs must keep in mind the existence of some realistic global developments, which have a not inconsiderable impact on international economic development.

Among them are, for example, the results of the scientific-technical revolution, requirements of environmental conditions or the increased utilization of the oceans or space for economic purposes.

But this process requires above all a positive political climate. Continued easing of tension, disarmament and arms limitation, development of mutual trust as the basis for international relations are also absolute prerequisites for future success in our efforts to establish a new international economic order.

The principles that were listed in the charter 10 years ago and the codes of conduct are by no means outmoded, but highly relevant to today for getting the international economic relations back to normal. The socialist countries are, therefore, in the frontline of those who completely support the realization of these UN resolutions. For that reason, the leaders of the communist and labor parties, of CEMA member states and their governments emphasized at their meeting in Moscow the urgent need "to start work on reforming the international economic relations on the basis of equality and democratic principles and on establishing a new international economic order."¹⁰ The LDCs and the socialist countries have launched the struggle for reshaping international economic relationships and they will continue it.

FOOTNOTES

1. See "Charter of Economic Rights and Duties of States," ASIEN, AFRIKA, LATEINAMERIKA, Berlin 3 (1975) 2, p 245. Altogether 120 UN members voted to adopt the charter, 6 voted against it (the United States, Great Britain, Belgium, Denmark, Luxemburg) and 10 states abstained (France, Italy, Ireland, the Netherlands, Japan, Canada, Norway, Spain, Austria, Israel).

2. "Provisional Verbatim Record of the 2,350th Meeting," UN document A/PV 2315, dated 12 Dec 74, p 52.

3. DECLARATION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER.
UN General Assembly Sixth Special Session, document A/RES/3201 (S-VI), 9 May 74. Translated into German in ASIEN, AFRIKA, LATEINAMERIKA 2 (1974) 5, p 807.
4. From speech by Peter Florin, GDR deputy minister for foreign affairs, at the meeting of the chair of the GDR League of the United Nations on the occasion of the 10th anniversary of the adoption of the Charter of Economic Rights and Duties of States of 26 Jun 84. AUSSENPOLITISCHE KORRESPONDENZ, Berlin 28 (1984) 28, p 223.
5. Speech by Hans Dietrich Genscher, FRG minister for foreign affairs, before the 29th UN General Assembly, 23 Sep 74; Permanent Mission of the FRG to the United Nations, New York. Published in "Provisional Verbatim Record, 29th General Assembly, 23 Sep 74, document A/TV, 2239, p 31.
6. Lecture by Ambassador Baron Ruediger von Wechmar before the FRG German-American Chamber of Commerce, 15 Jan 75, Munich. Distributed by the FRG embassy.
7. NEUES DEUTSCHLAND, Berlin, 16/17 Jun 84, p 2.
8. See AUSSENPOLITISCHE KORRESPONDENZ, 28 (1984) 29, p 230.
9. Castro, F., "The Global Economic and Social Crisis," BERICHT AN DIE VIIth GIPELKONFERENZ DER NICHTPAKTGEBUNDENEN [Report to the 7th Summit Conference of the Nonaligned States,] Dresden, 1938, p 16.
10. Declaration of the Members of CEMA, "The Preservation of Peace and International Economic Cooperation," NEUES DEUTSCHLAND, 16/17 Jun 84.

7821

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GERMAN DEMOCRATIC REPUBLIC

AID TO LDC INDUSTRIAL, HOUSING CONSTRUCTION SECTOR

East Berlin PRESSE-INFORMATIONEN in German No 135, 16 Nov 84 p 6

[Text] Workers from construction and assembly combines in the GDR are currently working in 15 newly independent countries. By constructing industrial plants and transportation facilities, recreational buildings and housing, they assist the population of these countries in their struggle to put an end to their colonial heritage and to win and sustain economic independence. Their work ranges from planning the design and construction to putting the facilities into operation. In this effort, the construction and assembly combines are the principal suppliers or the prime or sub-contractors, respectively.

To build in young countries, especially in Arab or African countries, means to build in hot climates. Because the climatic and also geological conditions are very different from those in the GDR, technologies, construction methods, types of constructions as well as building materials and components which they are successfully using at home cannot be used at all or only to a limited extent. The workers have to adapt to this environment.

The first production stage of the New Muger cement factory in socialist Ethiopia was completed in September of this year, as planned. The VEB Civil Engineering Combine, as main contractor for the export of the installations is playing an important role in this. The VEB Heavy Machinery Construction Combine Ernst Thaelmann in Magdeburg is acting as principal supplier. These combines are responsible for designing and supplying 5,000 tons of steel structures, construction supervision and advisory services. Today, the plant is already producing 1,000 tons of cement. Ethiopia's cement production--so urgently needed for the development of the country, for housing, schools, kindergardens, roads and industrial buildings--has almost trebled. Ethiopian skilled workers were trained by the VEB Cement Factory Karsdorf for work in New Muger. Engineers and laboratory staff from the GDR are assisting them in the Ethiopian manufacturing plant.

A textile combine with an annual production of 20 million square meters of fabrics is presently under construction at Combolcha, some 390 kilometers north of Ethiopia's capital Addis Ababa. The first production phase of that plant also became operational last September, as planned. Principal supplier is the VEB Textimaprojekt in Karl-Marx-Stadt.

In collaboration with domestic construction firms, which are responsible for construction supervision, the VEB Construction and Assembly Combine East is currently setting up a prefab and repair complex in the Abyan province of the People's Democratic Republic of Yemen. After the complex, for which the Building and Assembly Combine East is providing the design, supplying the metal light-weight structures and equipment as well as building supervision, has become operational, it is going to manufacture about 16,000 cubic meters of small-size concrete products for the construction of single houses. At the same time, the complex is going to take over responsibility for servicing and maintaining the construction machines and tools.

In Aden, the capital of the country, collectives of the VEB Autobahn Construction Combine in Magdeburg are building, between 1984 and 1987, three bridges to improve the innercity traffic. In addition, they constructed a 140 meter road tunnel.

The GDR is closely cooperating with the People's Republic of Mozambique in the construction sector. The construction subcommittee of the GDR-Mozambique economic committee is holding regular discussions on new steps to develop the construction sector of the young republic. The VEB Metal Light-weight Construction Combine and the Construction Components and Fiber Building Materials Combine are making a large contribution to that country by constructing and expanding industrial projects that are important to the domestic economy. For example, they are assembling metal light-weight structures and prefab homes for the state-owned coal company Caribomoc.

At present, 300 apartments are being constructed in the university district of the capital Maputo, in cooperation with GDR construction combines. They were designed by the building academy of the GDR and the housing construction combine of Schwerin and Neubrandenburg who also provide construction management specialists.

For the construction of the congress-palace in Conakry, the capital of the Republic of Guinea, the VEB Construction Components and Fiber Building Materials Combine developed and manufactured the facade, consisting of prefabricated parts, and assembled them. Other construction companies are participating in building the new government-owned hotel "Gbessia." That includes sleeping facilities built from light-weight metal, buildings for special functions as well as water supply installations and a sewage system.

Collectives from several combines are constructing, among other things, the Al-Jallal Center, a 14-story precast concrete skeleton structure, in the center of Al-Kuwait, the capital of Kuwait. At the same time, GDR construction collectives are working in the United Arab Emirates.

7821

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GERMAN DEMOCRATIC REPUBLIC

STATISTICS PUBLISHED ON STREETCAR TRANSPORTATION

East Berlin PRESSE-INFORMATIONEN in German No 118, 9 Oct 84 p 6

['Facts and Figures' report by Press Office, Chairman, GDR Council of Ministers: "Streetcars--a Proven Means for Local Transportation"]

[Text] In 27 cities and communities of the GDR, transportation is provided by streetcars. This includes the capital city of Berlin, the district cities --with the exception of Neubrandenburg and Suhl--as well as Goerlitz, Bad Schandau, Gotha, Nordhausen, Strausberg, Jena, Dessau, Naumburg, Zwickau, Plauen, Halberstadt and Brandenburg. Two communities--Woltersdorf and Schoeneiche--also have streetcars.

An average of 3.8 million citizens use the streetcar daily, particularly to get to their place of work. With the expansion of the line network, the number of fares has risen by 130 million since 1971, i.e., by 11 percent. Streetcars hold a share of 54 percent in local public transportation, which also includes buses, rapid-transit trains, and the subway in Berlin.

At present, streetcars travel on 178 lines, 20 more than in 1971. There are 30 lines in Berlin, and 20 each in Leipzig and Dresden. With regard to the number of people transported, Leipzig is in the lead with 275 million fares in 1983, followed by Dresden with 241 million. The Republic's longest streetcar line--about 32 km--goes from Halle-Trotha via Buna and Leuna to Bad Duerrenberg. The second longest line--about 24 km--runs between Radebeul-West and Dresden-Pillnitz.

Since 1981 alone, new lines with a total length of 40 kilometers were put into operation, and 30 km more are under construction. As one of the most useful means of local transportation, streetcars have gained in importance since the implementation of the apartment construction program. Numerous newly built residential areas have been connected up with the streetcar network.

Among the new lines completed in recent years, the capital has the largest share with about 16 kilometers in connection with the transportation development of Marzahn. During the last 16 years, more than 120,000 people have moved into newly constructed apartments. Seven kilometers of streetcar lines in Marzahn and Hohenschoenhausen are shortly to be completed.

In other cities of the republic, the streetcar network was also expanded in conjunction with new construction of large residential areas. In the residential area of Leipzig-Gruenau, 615 kilometers of new lines were added, in Halle-Sued-Silberhoehe 6 kilometers, in Magdeburg-Olvenstedt 5 kilometers, in Erfurt-Gispersleben and Suedost [South-East] 8 kilometers, in Potsdam "Am Stern" 5 kilometers, and in the residential areas of Schwerin-Grosser Dreesch and Schwerin-Sued 11.5 kilometers.

The advantages of streetcars compensate for the great expenditure necessary for establishing new lines. Their energy supply--consumption is relatively low--can be ensured by domestic energy sources. Compared to bus transport, on the basis of number of passengers transported, fewer employees are needed. The operation of streetcars is ecologically harmless. On lines with special roadbeds, rapid driving is possible independent of other street traffic. Compared to buses, the service life of streetcars is about three times longer.

Today, there are about 5,200 streetcar vehicles--2,500 motor cars, 2,000 trailers, and almost 700 articulated trains--, which is about 500 more in total than in 1971. The vehicle fleet of streetcars has not only been constantly expanded, but also modernized.

About 3,000 vehicles come from the Tatra works in Prague. Tatra vehicles have a high carrying capacity. It is also possible to combine them in large train units. By using two motor cars and one trailer, about 370 passengers can be transported; together with three articulated trains, up to 450 people. An articulated bus, on the other hand, holds only 150 passengers. Meanwhile, the first streetcars with energy-saving thyristor steering have been put into operation.

In many places, streetcars also serve as a means of excursion transport. For Berlin, the lines between Gruenau and Schmoeckwitz and those between Koepenick and Rahnsdorf must be mentioned. The streetcar of this community, with connection at the rapid-transit railroad station in Rahnsdorf, offers many opportunities for excursions. In Brandenburg one can take the streetcar to Plaue, a section of town with many lakes.

The Thuringian "Waldbahn"[forest railroad] links the towns of Gotha and Tabarz, a distance of 21 kilometers, and is very popular with excursionists, particularly since Friedrichsroda and the Marienglas cavern are also on the line. The Kirnitzchtalbahn--from Bad Schandau to the Lichtenhain waterfall--is also greatly used for excursion transport.

Many citizens use season passes for their travels by streetcar, which gives them considerable financial advantages. Especially favorable is the fare for pupils, apprentices and students. Season passes can be bought for one or more lines, or for the entire streetcar network. Combined season passes in some cities also permit the use of the rapid-transit system, streetcars, and buses.

In a number of cities, season passes for commuter and student traffic can also be obtained in the form of season tickets charged to a bank account. This further reduces the time spent on buying tickets. "Commuting on one's employee identity card" is also effective on streetcars, whereby a printed seal on the identity card replaces the season ticket.

GERMAN DEMOCRATIC REPUBLIC

EAST EUROPEAN ECONOMY 1981-1984: GROWTH, REFORMS, FOREIGN TRADE

West Berlin OSTEUROPA in German Vol 35 No 1, Jan 85 pp 3-15

[Article by Hans-Hermann Hoehmann]

[Text] Economic Growth

The development of the national economies of East Europe since the beginning of the 80's, present economic policy of the East European countries, regulation of foreign trade relations between the CEMA states, and the Western trade of East Europe are characterized by a number of serious economic problems which were also one of the subjects of the CEMA summit meeting in June 1984. Among them are, above all--and despite limited recovery--the continued growth lag of the East European economies in recent times, considerable ongoing indebtedness to the West of at least some of the CEMA countries--despite noticeable consolidation--, as well as the considerable deficit increase of the smaller East European countries in their foreign trade with the USSR. (On the CEMA summit, see H. Machowski: CEMA Summit Meeting: Equalization of Interests, DIW WOCHENBERICHT, 29/1984; F.-L. Altmann: The Moscow CEMA Economic Summit of June 1984, Reports of the BIOst [Federal Institute for East European and International Studies, Cologne], 26/1984; H.-H. Hoehmann/Ch. Meier: Economy, Foreign Trade, Foreign Policy in East Europe: On the Political Economy of the CEMA Summit, Reports of the BIOst, 55/1984).

Growth Decline and Recovery

The weak growth of the East European national economies already became evident at the end of the 70's and resulted in the situation where the goals of the 5-year plans of 1976-1980 generally could not be fulfilled (for greater detail, see H.-H. Hoehmann, publisher: The Economy of East Europe and the People's Republic of China at the Beginning of the Eighties, Stuttgart / Berlin / Cologne / Mainz 1983). At the beginning of the 80's, the unfavorable trend continued, in some instances even increased, until the previously mentioned limited recovery began in 1983/84. As the following chart demonstrates, growth of the total CEMA economic capacity dropped from about 4 percent (1976-1980) to about 2.5 percent (1981-1983). Despite a common trend, however, a regional itemized analysis shows serious differences. For one thing, Soviet economic growth remained relatively stable, while primarily the smaller CEMA countries suffered stagnation. But even within this group

of countries there were great differences. The development in Poland was catastrophic, as is well known, yet the CSSR and Romania also had to accept marked growth declines. In Hungary, development remained at a low level, even slightly reduced compared to the previous period, but in compensation one must point to the relatively high quality and more suitable range of goods of Hungarian production, particularly in the area of consumer goods. The situation is relatively favorable in the GDR and Bulgaria which, together with the Soviet Union, belong to the group of countries with a relatively satisfactory economic situation.

The following data, collected by Wharton, demonstrates how strongly the Polish crisis has influenced economic development in all of Eastern Europe: The growth of the national product of the six smaller CEMA countries during 1976-1982 amounted to an annual average of 2.4 percent; growth of the smaller countries without Poland (CEMA 5) during the same period was 4.0 percent (Wharton EFA, Centrally Planned Economies Outlook, April 1984, p 24).

Growth of National Product (Annual Changes in Percent)

	1976-1980 (Plan)	1976-1980 (Actual)	1981	1982	1983	1984
Bulgaria	7.7	6.1	5.0	4.2	3.0	4.0
CSSR	4.9	3.7	-0.1	-0.3	2.2	2.0-2.5
GDR	5.0	4.1	4.8	2.5	4.4	4.5
Poland	7.0-7.3	1.2	-12.0	-5.5	4.5	3.5-4.0
Romania	11.0	7.3	2.2	2.8	3.4	3.5-4.0
Hungary	5.4-5.7	3.2	2.5	2.3	0.5	1.5-2.0
CEMA (6)	6.9	3.6	-2.1	-0.6	3.1	3.0-3.5
USSR	5.5	4.2	3.3	3.9	3.9	3.5-4.0
CEMA (7)	5.4	3.9	1.6	2.6	3.7	3.5

Sources: National statistics; material of WIIW [Vienna Institute for International Economic Comparisons], Vienna; material by Wharton EFA, Washington; author's estimates.

Generally speaking, the year 1984 continued the recovery trend of the previous year. The national income of the seven European CEMA countries taken together will probably increase by about 3.5 percent, that of the USSR by about 3.5-4 percent, that of the six smaller countries together by about 3-3.5 percent. Measured against the yardstick of the Western GNP concept, the following growth rates can be assumed: CEMA (7)--2.5 percent, USSR--2.5-3 percent, CEMA (6)--2-2.5 percent. The extent as well as the limits of the present recovery become very clear in these estimates. As in the case of growth decline, Poland also plays a leading role in the recovery, albeit to a much lesser extent. It also must not be overlooked that the Polish economy is still far below the level attained before the crisis, and that a continuing recovery requires the solution of many still unresolved problems.

The data on the growth of the national product reflect the economic situation of the smaller CEMA countries only in part, however. More important for the

increasing gravity of economic policy problems was, and is, the development of the use of national income, i.e., the goods and performance supply available for domestic consumption (consumption and investments). In this, development in the smaller CEMA countries was even more unfavorable than in production, since the use of national income in "East Europe of the Six" dropped by an annual average of 0.5 percent during 1980-1983.

Development of Domestic Use, Consumption and Net Investments

	1981			1982			1983		
	Use	Cf	Acc	Use	Cf	Acc	Use	Cf	Acc
Bulgaria	7.7	5.3	14.8	1.9	3.7	-3.3	1.5	3.8	-5.2
CSSR	-3.4	2.6	-21.7	-1.5	-1.1	-3.4	0.9	2.4	-5.1
GDR	1.3	2.7	-3.4	-3.4	1.2	-19.9	2.8	0.8	11.9
Poland	-10.5	-4.6	-27.6	-10.5	-11.5	-6.6	3.5	2.1	8.5
Romania	-5.7	3.1	-22.1	-2.6	-1.5	-5.4	-0.3	0.4	-2.1
Hungary	0.7	3.0	-8.6	-1.4	1.2	-13.2	-2.5	-0.2	-11.6
USSR	3.2	4.0	0.9	3.6	1.2	11.0	3.1	2.7	4.3

Use = Used national income; Cf = Consumption fund; Acc = Accumulation fund

Source: Wharton EFA, Centrally Planned Economies Outlook, April 1984, p 24.

With the exception of Bulgaria, none of the countries managed to attain growth in domestic use, and here, also, the Polish situation was the least favorable by far. The decline in the use of national income did not bypass consumption, but it affected capital formation above all. The intent behind this was to avoid having the effect of economic stagnation fall fully on the population's standard of living in order not to endanger too much consensus and motivation. However, cushioning growth declines at the expense of investment is highly problematical. A continued slowing down of capital formation would tighten the amount of capital flow necessary for economic growth and would also hinder, in a qualitative respect, technological innovation necessary for the modernization of economic structures and for the increased efficiency of the production process. It is true, however, that in 1983-1984 there was some recovery on the side of domestic use, also (although less than on the production side), which is in part concentrated on consumption (CSSR, Romania), and in part on capital formation (GDR, Poland).

Factors Affecting Growth

The weak growth rate of East European economies was caused by the interaction of a series of factors which, however, are difficult to evaluate in the individual case and which are at work in the various countries in different combinations (for greater detail, see H.-H. Hoehmann, Increasing Economic Difficulties in Eastern Europe, in: DIE INTERNATIONALE POLITIK 1979/1980, Munich/ Vienna 1983, p 184 ff.). In some cases, these factors are of a long-term nature, or they are new and temporary; sometimes they are related to a growing shortage of production resources; primarily, they are the result of

considerable deterioration in the development of productivity. An interpretation of the growth difficulties solely as a "system crisis," which has become fashionable in some Western commentaries, definitely misses the point of the variety of economic processes, although the effect of a system component naturally is also of great significance.

The growing shortage of production factors at first affected the work force and raw materials of all kinds. The development of capital formation, on the other hand, was at first still relatively rapid, since the curtailed investment growth did not yet fully affect the development of capital funds. What did occur as a consequence of the curbing of investments was a shrinkage in available new capital, contributing markedly to the shortages of recent years which disturbed the rate of growth. Natural resources are limited for the smaller East European countries, primarily because of reduced USSR willingness or capacity to supply energy and other raw materials, and because of Soviet prices for these products. This again addresses a link between the economic situation and the CEMA summit meeting.

The growing shortage of production factors is only a minor part of the explanation for the drop in the growth rate, however. Of much greater importance was the deterioration of total economic productivity. The growth in work productivity was strongly recessive, and capital productivity dropped noticeably. In many cases, the contribution of "intensive" factors to economic growth was less than in previous planning periods. In order to explain the productivity dilemma, again a whole series of factors must be drawn upon. Among them are exogenous factors (crop failures due to the weather, West-East and East-East foreign trade problems), factors of economic structure (more complicated economic structure, capital fund obsolescence), systemic factors (problems of efficiency, management and coordination), wrong decisions in economic policy (for example, the exaggerated pursuit of a credit-financed import policy), factors of motivation (loss of consensus and motivation to a varying degree, again most dramatically in Poland). With the exception of a cyclical element, it was again primarily factors outside the economic systems (exogenous factors, corrections of procedural and structural policies) which led to the limited recovery outlined here.

Economic Reforms

Since the beginning of the 80's, the scene of economic reforms has again become more active in the European CEMA member states. This is not surprising in view of the growth decline during the late 70's, the--so far--inadequate intensification of economic processes, and the increasing shortage of traditional growth factors: labor force, natural resources and capital. The search for better economic policy instruments is inevitable in view of the continuing pressure for intensification. The question of reforms remains permanent.

It would be erroneous, however, to assume that economic reform policies at present rank foremost among the economic policy alternatives available to East Europe. Corrections of procedural and structural policies are clearly in the lead at the moment. And rightly so: the drop in performance at the

turn of the 80's was caused less by chronic weaknesses of the system than by a mixture of inadequately justified over-all strategies of the leadership (modernization based on credit-financed imports), wrong economic policy decisions in individual cases, and unfavorable constellations of external factors (agriculture, foreign trade). The leaders are quite aware, however, that future tasks of economic policy in East Europe (efficiency increases of all sorts, more rapid technical progress, improved coordination, increased economic manageability) cannot be solved without performance improvement of the planning systems.

"Technocratic Tightening" or New Mechanisms?

If one examines the seven East European CEMA countries (CEMA 7) individually, differences show up with regard to reform concepts and reform realities, just as they have been known in the past. Most countries, starting with the USSR, clearly focused on partial decentralizations, on "technocratic tightening" of the existing system, on "administrative reformism" (M. Melzer). Methods and effectiveness of this policy differ from each other, however, depending on whether one studies the USSR, CSSR, GDR, Bulgaria or Romania. Hungary, on the other hand, pursues a different course. The reform line of 1968 has been taken up again, and the leadership, in order to solve the task of intensification, places its trust "in the innovative power of an economy increasingly coordinated through the markets" (A. Wass von Czege, Hungary: On the Road to a Socialist Market Economy?, BERICHTE DER BIOst, 36/1984).

At present, development in Bulgaria seems to be of special interest. The new economic reform in that country--promisingly called "new economic mechanism"--is often likened to the Hungarian reform policy in Western press commentaries, or at least the question is raised whether Bulgaria is not at least steering a course between administrative planning and market mechanism. Such interpretations are misleading. Bulgaria, too, stays with the former type of a limited reform, but has chosen a variant which ventures relatively far forward and in some instances brings back memories of the original concept of the "new economic system of planning and management" in the GDR in 1963.

In Poland, finally, an extensive reform concept was passed in 1981/1982 which is to emphasize self-reliance, self-financing and self-administration, but could not be implemented beyond a first few steps due to the country's serious economic, social and political crisis. What has developed is a kind of economic policy stalemate, an unstable economic in-between situation, in which prospects are equally unfavorable both for a successful implementation of the reform and for the establishment of a moderate "stabilizing centralism."

Looking at all of East Europe, there appears to be a growing latitude for limited experimentation and simultaneously a growing interest in the individual countries to learn more about each other, perhaps to learn from each other. However, this does not amount to concerted action with regard to harmonizing the planning systems in East Europe, which before the CEMA summit was considered a possible subject for the conference and a desirable economic policy goal, but de facto played no part at all.

The USSR, for the sake of relieving its own economy, also must remain interested in continuous and at the same time successful reform efforts of the smaller CEMA countries. But it is doubtful whether it would grant the states of its area of hegemony the liberty to carry out more extensive changes in the political order, quite apart from the fact that such changes would hardly be in the interest of the established communist elites of those countries. Hungary can probably be considered as "settled" with regard to political order and ideology. To name a few reasons: the early start of the reform (before the "Prague Spring"); the country's policies taking account of Soviet interests in foreign trade and foreign policy; respect for certain unrenouncable communist principles; its geopolitical location, and lastly the fact that Hungary has remained "unique" as a model for reform.

Smaller CEMA Countries: Hungary, GDR, Bulgaria

Hungary: At present, a new attempt is being made in Hungary to change the economic system along the lines of the 1968 reform (the following is mostly based on A. Wass von Czege, *ibid.*). The reform measures of recent years and the new decisions of spring 1984 show that administrative regulations are to be curbed and elements of market control to be expanded. For this reason, government institutions dealing with economic administration are being tightened and tailored for the functional tasks connected with influencing the market; ministerial interventions are being curtailed; industry is being deconcentrated and competition intensified; organizational possibilities for the founding of small enterprises are being enlarged, and improved credit and capital procurement chances for innovators are being created. But--again following the analysis by Wass von Czege--some problems remain. The as yet insufficient development of an economic policy flanked by reform has negative effects, goal conflicts (for example, efficiency-oriented use of labor vs. full employment, differentiated income distribution according to performance vs. equality in distribution) unsettle the consistency of the economic process as well as the process of economic reforms. Lastly, the existing skepticism of relevant groups inside and outside Hungary continues to be an element slowing down reform. For the future, discrepancies can also be expected between the model for political order and reform reality.

GDR: As in the other CEMA countries, in the GDR, also, new impulses for economic reform policies came from the more difficult economic conditions at the turn of the 80's (the following is in part based on M. Melzer, in the Workshop-Bericht, BIOst, August 1984, and on "Weiterentwicklung des Wirtschaftsmechanismus in der DDR" [Further Development of Economic Mechanism in the GDR], *WOCHENBERICHTE DES DIW*, Berlin, 41/1983, edited by A. Scherzinger). In the case of the GDR, unlike Hungary, no return to a traditional line of reform was or is being sought, namely the "new economic system of planning management" of 1963; rather, the attempt is being made to create an administrative and economic set of instruments based on the "combined reform" directed at triggering urgently needed intensification impulses. In conjunction with fine-tuning of monetary control, one tries on the one hand to create a system of stimulation--with the help of "major indicators of performance rating" and "additional important qualitative indicators"--

which in the interest of obtaining higher profits leads to improved use of the production factors of capital and labor, to lowering of material and energy consumption, and to other cost savings. On the other hand, a diversification of control in administration and the goods sector is unmistakable. Evidently, the principle of development is not experimentation with a range of decentralizations which is typical of the present Bulgarian economic reform. Rather, the reformers seem to be concerned--within a relatively constant and relatively limited scope for decisionmaking by lower echelon decisionmakers--with finding better combinations between administrative and economic instruments, and to perfect the precise arrangement of the individual instruments. It is a beginning which at present is being carried out with some success in the GDR, in conjunction with corrections of a procedural and structural policy nature.

Bulgaria: The "new economic mechanism" in Bulgaria--with emphasis on industry--aims at a loosening and modernization of the administrative planned economy, which goes beyond the GDR concept, but clearly stays far behind the reform development in Hungary. (The following is based on I. Grosser, Bulgaria: Interim Survey of the "New Economic Mechanism," Reports of BIOst, 34/1984; H. Spetter, The New Economic Reform in Bulgaria. Background, Problems and Prospects of the New Economic Mechanism, reports of BIOst, 42/1984.) Planning and plan control are to become more decentralized, plan indices to be reduced, the emphasis in planning and performance evaluation to be shifted to value indicators, and contractual relations supplementing planning are to be expanded. Parametric regulators such as prices, profits, credits, and self-earned funds are to be used as indirect control means. The payment of wages is made dependent on the development of industrial net production. With regard to prices, in principle they continue to be set administratively, but are to become more flexible and are to follow world market prices more closely. However, directive indices will be maintained in principle as well as many other administrative possibilities of intervention. To continue as before are: the extensive centralization of investments, strong administrative regulation of material and technical supply, and retention of the state foreign trade monopoly (although in a modified form).

However, the "new economic mechanism" obviously has not yet found its final organizational form. From the beginning, the reform was in flux. Already 1982, and the turn of the year 1983/1984, brought further developments of the legal bases. It must be considered questionable whether the present state of administrative, and also some economic, decentralization can be maintained while fundamentally retaining the hierarchical structure of the decisionmaking system and in view of the largely rigid price setting. As in other countries, the fate of the reform in Bulgaria will depend decisively on the quality of economic policy supporting the reform, and particularly on whether they will succeed in loosening the pressure of planning, which paralyzes the reform. Also decisive will be motivational impulses from the non-industrial sector. The prerequisites do not seem so very bad in view of the relatively favorable situation of Bulgarian agriculture.

Soviet Union

It was Yuriy Andropov who first provided impulses for new economic reforms in the USSR--although again only for limited reforms--, and Chernenko seems to follow him in this. For Andropov, however, reform policy was only one element of the "technocratic tightening" sought by him. In his few contributions to economic policy he also stressed the need for a new orientation in structural and labor force policies. The most important points of the former are consolidation at a reduced level of demand through lowering of planned appropriations, and shifting use of the national income in favor of capital formation. The intention behind it was to loosen the present planning pressure, to reduce hoarding by factories through creation of more latitude and reserves, to overcome disproportions through this and through more investments, to reinstate planning consistency which had been lost, and lastly, to locate new growth potentials. Under the sector of labor force policy come the attempts to increase work discipline, to bring wages and performance into better balance, to remove ineffectual functionaries, and to attack corruption also in the higher ranks of the bureaucracy. After coming to power, Chernenko characterized the discipline campaign as a permanent, not a temporary, measure. This notwithstanding, it has lost its original emphasis. The populist beginnings of the present secretary general is evidently not compatible with continuing emphasis on discipline, as could have been expected from the more elitist starting point of Andropov.

In principle, Andropov and Chernenko resume the reform policy of "small steps" within the administrative planning system as begun under Khrushchev and continued during the entire Breshnev era. The last major measure of the Breshnev period was directed at an extensive reorganization of the planning and award system of the industrial and construction sectors in 1979 which, seen in its entirety, had been unsuccessful. As factors paralyzing the reforms must be mentioned: the functioning problems of the type of reform chosen; the internal contradictions of its organizational layout; inconsistent implementation; insufficient economic policy support; and the unfavorable circumstances of exogenous factors (between 1979 and 1981, there were three consecutive bad years for agriculture with many direct and indirect spillover effects in non-agricultural areas).

In view of the unsatisfactory performance level of planning, immediately after taking office in November 1982, Andropov called for "accelerated improvement of all areas of economic leadership--management, planning and economic mechanism" (PRAVDA, 23/11/1982). Chernenko's formula follows this policy: in his first major speech in March 1984 he demanded that the "improvement of economic leadership and modification of the economic mechanism be speeded up" (PRAVDA, 3/3/1984). The formulation "modification" must not be misunderstood; without doubt, the attempted loosening and rationalization of the traditional system is to be continued. The "deep and extensive change" addressed in some contributions to the reform discussion--such as the "Novosibirsk study"--, which is not to remain mired in the, so far, unsuited attempts to build "individual progressive elements" into the existing planning and management system, which are then discarded again, is not yet a subject of reform policy (compare the text of the document, and the commentary by H.-H. Hoehmann and

K.-E. Waedekin in OSTEUROPA, 1/1984, pp A1-A25). Still, resumption of the reform discussion is refreshing, although a politico-economic opposition has formed in the meantime.

Planning Experiment

With regard to individual reform steps, in 1983 and 1984 a number of measures were initiated, of a general or local nature, for the promotion of technical progress, energy and material savings, greater performance orientation in the paying of wages, etc.

Above all, however, on 1 January 1984 an experiment was started in the sector of five industrial ministries which, if successful, is to be transferred to major parts of the Soviet economy. Much of what is planned for the experiment is familiar from the reforms of 1965, 1973 and 1979. In particular, a certain orientation back to the "Kossygin-Libermann reform" of the late 60's is unmistakable. The major elements of the experiment are (see Pravda, 26/7/1983):

- Reorganization of the planning framework through early, medium-term stable planning (an old idea, never realized);
- Greater latitude of decision-making for production combines and factories through participation in planning, reduction of enforceably prescribed plan ratios, development of norm regulations, greater importance of contracts between enterprises;
- Greater financial latitude for production combines and factories through more decisions concerning their own funds, through increased borrowing, and transition from profit transfer to the "normative method," i.e., a type of profit tax;
- New regulation of the incentive system through "improvement and simplification of the award system, new establishment of "fund forming indices," greater flexibility for pay scales within factories.

It remains to be seen whether the experiment will be chosen as a model for general reform. At any rate, Chernenko and other members of the Politburo have come out in favor of its continuation and expansion in 1985. In addition, the 12th 5-year plan period (1986-1990) is coming up. Experience shows that the turn from one planning period to the next brings about changes in the planning system. The Soviet press reports continuously on the results of the experiment, whereby both positive and negative aspects are noted. On the one hand, the expanded latitude for decisions and initiatives on the factory and combine level receive praise. On the other hand, defects in the horizontal integration of the experimental areas (key words: insufficient adaptation of material supply) and its vertical anchoring (key words: continued excessive intervention and regimentation by the ministries) are being deplored.

A reform along the principles of the experiment would not mean a change of basic institutions and the mechanism of functions of Soviet planning. Because of this, again certain functional problems would be inherent which are basically connected with administrative planning. But in principle, improvements ought to be possible "within the system", also. Nothing stands

in the way of applying the "social technique of small steps" in socialist planned economies. However, three prerequisites would have to be better fulfilled than in the past:

- The reform concept would have to be devised with greater consistency than its predecessors;
- implementation of the concept would have to be carried out by a leadership competent to make decisions, and more consistently than in the past;
- The reform policy would have to be better supported than the reform policies of the past through a planning attitude favoring reform (reduction of "planning pressure") and a structural policy aimed at overcoming disproportions.

These prerequisites are probably too "heroic" to expect their general realization. The deciding factor will probably be Chernenko's leadership capacity and the consensus and capability for action of the entire leadership collective, respectively. Much will also depend on whether they will succeed in using the party apparatus as an instrument for increased economic performance and in stopping its development into a parasitical feudal class. Chernenko, with his client-oriented approach, makes this doubtful, however. This notwithstanding, limited improvements should be possible on the basis of many years' experience with administrative planning and the increased competence of functionaries in planning, administration and industrial management.

Problems of Foreign Trade

Of particular significance for the smaller CEMA countries are foreign trade problems which have occurred with greater frequency since the late 70's and early 80's; their causes can be characterized by the phrase "some is fault, some is fate."

Indebtedness to the West

Under the item "fault," one must particularly point to the strategy practiced in the 70's of credit-financed modernization through Western imports. The CEMA countries incurred large debts in hard currency and began to increase drastically their imports from the West, against the background of detente, an economic development which at first favored cooperation between East and West; because of a low level of East-West trade relations which was, therefore, capable of expansion; and because of a pronounced willingness to lend by Western banks and governments. It was hoped that this strategy would put one in the position--through credit-financed and import-supported modernization--of not only improving supplies for the domestic market, but also--through expansion of a productive export industry--of repaying the loans. Generally, this did not materialize. What remained was extensive indebtedness.

Net Hard Currency Indebtedness of CEMA (in billion US\$)

	1970	1976	1980	1981	1982	1983
Bulgaria	0.7	2.8	2.7	2.1	1.9	1.5
CSSR	0.6	1.4	3.6	3.5	3.4	3.0
GDR	1.4	5.0	11.8	12.0	10.4	9.3
Poland	1.1	11.3	22.8	24.0	25.0	25.0
Romania	1.6	2.5	9.2	9.8	9.4	8.0
Hungary	0.6	2.7	6.7	6.9	6.8	6.2
CEMA (6)	6.0	25.7	56.8	58.3	56.9	53.0
USSR	1.0	10.0	9.5	12.4	10.6	7.9
CEMA banks	n.a.	3.5	4.2	4.0	3.6	3.6
CEMA in total	7.0	39.2	70.5	74.7	71.1	64.5

Sources: NEUE ZUERCHER ZEITUNG, 28/3/1984; material of WIIW, Vienna; material of Wharton EFA, Washington; US Department of Commerce, Washington.

The chart indicates that the hard currency indebtedness of the CEMA countries has already crested. With the exception of Poland, where the debt level remains as high as ever, the drastic consolidation policy of recent years was successful everywhere. Poland continues to be in a category by itself. Everywhere else the situation is no longer dramatic. It is still relatively unfavorable in Romania and Hungary, but the GDR is on the way out of this group; the situation is satisfactory to good in Bulgaria, CSSR, and USSR.

The drop in indebtedness is due, for one, to the revaluation of the dollar and, therefore, is only of a nominal character (DM debts must lastly be paid in DM, no matter what the dollar exchange rate). But in addition, we also see the effects of the strong import curbs of recent years. It enabled the CEMA countries to change the negative balance in Western trade, which between 1978 and 1980 amounted to a total of more than US\$ 15 billion, into a positive balance of US\$ 1.5 billion for the years 1981 to 1983. However, the price for such a policy was, and is, the waiver of a part of possible domestic uses in the form of high-quality consumer and investment goods which could have been had from Western countries if there had been a more long-term balance.

Deficits in the Trade with the USSR

In addition to their indebtedness to the West, the smaller East European countries are plagued also by growing Eastern indebtedness, i.e., the growing deficit in foreign trade with the USSR. This deficit has caused the USSR--and this is again an important point of reference to the CEMA summit--to demand a higher degree of quantitative and qualitative counter performance. The Eastern indebtedness of the CEMA countries was incurred primarily through the windfall profits of the USSR resulting from the policy of climbing petroleum prices of the OPEC states. For this reason, the indebtedness to the East--unlike its Western counterpart--can be classified under the item "fate." It must be pointed out, however, that due to the pricing procedure used in the CEMA area, the USSR could only carry out delayed price increases, although the level of CEMA prices has moved ever closer to world market prices (compare J. Bethkenhagen: Petroleum and Natural Gas in the intra-CEMA Trade, DIW WOCHENBERICHT, 51 and 52/1983).

Because of the increased petroleum prices (and subsequently, natural gas prices), USSR terms of trade improved steadily in its foreign trade with the smaller CEMA countries. The consequence was that the latter, in return for energy raw material supplies, had to provide higher reciprocal supplies, restricting domestic use. The growing Soviet surpluses in foreign trade with the other CEMA countries indicate, however, that the USSR was not really able to turn the full "terms of trade" profits into reciprocal supplies by the partner states. Obviously, it is now trying to effect a change.

The total of the cumulative negative trade balance of the smaller CEMA countries with the USSR during the period 1976-1983 amounted to about 12.2 billion transfer rubles which, according to the present official ruble-dollar exchange rate, amounts to approximately US\$ 16.5 billion. Thus, in addition to the amount owed to the West by East Europe, about one-third again of this amount is owed to the USSR.

Changes in the "Terms of Trade" of the USSR in its Foreign Trade with Smaller CEMA Countries, 1975-1982 (1974 = 100)

	Export Prices	Import Prices	Terms of Trade	Share of Fuels and Energy of Soviet Exports	
				1974	1982
Bulgaria	296	206	144	20	50
CSSR	321	205	156	22	60
GDR	298	203	147	18	51
Poland	286	239	120	16	51
Romania	252	202	125	6	20
Hungary	296	201	147	18	48
CEMA (6)	296	209	142	21	50

Source: R. Dietz, Advantages/Disadvantages in the USSR Trade with Eastern Europe - the Aspect of Prices -, in: Wiener Institut fuer Internationale Wirtschaftsvergleiche, Nr 97, August 1984, p 20. [WIIW = Vienna Institute for International Economic Comparisons]

USSR Trade Balances with European CEMA States (millions of transfer rubles)

Partner Country	1976-1979	1980	1981	1982	1983	1976-1983
Bulgaria	538.0	221.3	677.6	596.5	457.5	2490.9
CSSR	464.1	112.2	277.5	315.6	451.2	1620.6
GDR	1603.8	546.8	371.5	643.4	202.1	3367.6
Poland	540.6	809.8	1710.5	715.9	487.6	4264.4
Romania	-75.6	-90.0	106.0	-259.8	-25.7	-346.0
Hungary	504.9	225.0	6.7	-39.2	51.0	748.4
CEMA (6)	3575.8	1824.2	3149.8	1972.4	1623.7	12145.9

Source: Soviet Foreign Trade Statistics.

The differences between the individual CEMA countries are quite considerable in this case, also. Poland and the GDR are at the top, followed by Bulgaria and the CSSR; Soviet foreign trade is most balanced with Hungary and Romania.

Over-all, trade deficits with the USSR have risen relatively evenly during recent years. The strong fluctuations in the trade balance of the six countries taken together result from the abrupt increase and decrease of the Polish deficit. In 1983 and 1984, however, the GDR does not fit into the general picture; it greatly reduced its deficit in 1983 and may even register a surplus in 1984. Apart from that, the better balance in trade relations between the USSR and the smaller CEMA countries, addressed at the CEMA summit, is still missing. With the (traditional) exception of Romania and the (new) exception of the GDR, it appears that the deficits will probably climb again in 1984, judging by the development of the first 6 months of 1984.

Chances for East-West Cooperation

In sum, it must be stated that consolidation toward the West has made greater progress than that toward the East. However, the Soviet Union seems to be urging greater progress in this respect, also. This will rather limit East Europe's latitude in trade with the West. And yet, the smaller CEMA countries will probably resist firmly an overly strong cutback in their economic relations with the West, since their national economies depend to a large extent on imports for modernization, and since equipment with Western capital goods has meanwhile reached a degree which makes further imports unavoidable in order to keep it in operation. In the last analysis, the Soviet Union also profits from balanced trade relations of the smaller CEMA countries with the West, since they are then in a better position to provide for trade with the USSR "machinery and equipment of high quality and international technical standards" as called for at the CEMA summit (Declaration on the Major Directions of Further Development and Deepening of Economic and Scientific-Technical Cooperation of CEMA Member States, in NEUES DEUTSCHLAND, 16/6/1984).

To this "sluicing function" is added the "security function;" economic upheavals through breaking off East-West relations also cause considerable security risks for the USSR with respect to economic and hegemonic policy aspects. If one adds to this the USSR's continuing interest in its own economic relations with the West, there exist starting points for the West for a concept of cooperation supported by foreign and security policies, despite a hardening in foreign policy and curbed economic impulses. At worst, a stabilization of East-West relations serves the economic interests of both sides; at best, one can hope for impulses from it to reduce tensions and for keeping open the changes for an inner evolution and reform in East Europe.

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GERMAN DEMOCRATIC REPUBLIC

BIOTECHNOLOGY'S ROLE IN PRODUCTION, AGRICULTURE VIEWED

East Berlin EINHEIT in German Vol 40 No 1, Jan 85 (signed to press 7 Dec 84)
pp 36-43

[Article by Prof Dr Manfred Ringpfeil, director of the Institute for Technical Chemistry of the GDR Academy of Sciences: "Biotechnology--Content, Functions, Potential for Exploitation"]

[Text] Biotechnology means the application of biological processes in industrial production and industrially organized services. It constitutes the latest phase in a historic continuum of using live organism for practical purposes, going back to the beginnings of productive human activity. It has rapidly risen in its importance in recent years all over the world. Nearly all countries attribute to it a key technology role in further economic development. Its prospects are confirmed worldwide by important science associations. A resolute commitment by relevant production enterprises to integrating it in their production structure is becoming apparent.

Our republic started early in boosting the scientific and economic commitment to "exploiting new biological processes and effective substances."¹ Based on party resolutions, considerable research capacities were created or focused on this labor trend--among them the central institutes and institutes for technical chemistry, microbiology and experimental therapy, molecular biology, genetics and cultivated plant research of the GDR Academy of Sciences. Important combines, such as the Schwedt Petrochemical Combine, the Bitterfeld Chemical Combine, the Piesteritz Agrochemical Combine, the Leipzig-Grimma Chemical Plant Construction Combine, and the Germed Pharmaceutical Combine, Dresden, turned biotechnological research and production into a regular component of their reproduction processes. Stable and fruitful ties were established for collaborating with the relevant institutions in the USSR and other fraternal socialist countries. The Academy of Sciences and the Ministry for Chemical Industry in the GDR have since 1980 been publishing an international journal, ACTA BIOTECHNOLOGICA.

This development fully conformed to that the 10th party congress defined biotechnology as one of those major trends of the scientific and technological revolution strategic in character that would over the long haul revolutionize the productive forces at broad effects and be of great weight in the successful implementation of the basic goals of our social policy. Realizing that, the industrial exploitation of microbiological processes and substances was set

down as an effort of major concern, for which the lead in knowledge is to be created that is needed for intensive extended reproduction. Also, in the sense of our economic strategy, the following resolution was passed: "We have to continue the development of the microbiological industry in the GDR with its chief commodities of feed protein, antibiotics and enzymes. For this, through developing and applying efficient microbiological technologies, the degree to which domestic raw materials and secondary raw materials are used has to be raised significantly. Prerequisites for the application of biotechnological procedures are to be created while using more by-products and sparing the environment."²

At the seventh Central Committee session, Comrade Erich Honecker said: "Trail-blazing procedures such as biotechnology play a key role and are increasingly going to pervade our economy too."³ At the most recent Central Committee session he underscored the need to speed up efforts in the propitious field of biotechnology. "The great demands in such a field prove a spur to the scientists in basic research involved as to their partners in the industrial combines and the agricultural research and testing facilities."⁴

What Has Made Biotechnology So Important?

There first are the more recent natural science data of the biosciences garnered on the molecular level of life. The discovery of the genetic code and the proof for its identity and identical interpretation in all living organisms led to the conclusion that characteristics are transferable among any living organism. The chemical synthesis of genetic sections and their implanting and replication in the genetic inventory of living beings opened the opportunity to make targeted inroads on life processes. Humanity is gradually becoming aware of the scope of these insights. One assumes that permanent effects on the development of the productive forces will come from them similar to the discoveries of electricity and magnetism.⁵

Then there are the increased demands made on meeting mankind's basic needs such as food, health, environmental protection, and energy and raw material supplies, resulting from the population explosion, the demands for a life of human dignity for all inhabitants of the earth, and the awareness of how limited the natural resources of the earth are. In seeking alternatives for the prevailing production structure, our attention is directed at the biological processes. In particular, one hopes to make the production structure less dependent on the energy and raw material sources that are now being exploited.

Finally there is the rapid development of novel techniques such as gene technique, enzyme technique, cell fusion, cultivation and immobilization, that vastly expands and makes feasible the practical applicability of biological processes.

Which Effective Principles Are Used by Biotechnology?

There first are the micro-organisms--bacteria, yeasts, fungi and algae--whose catalytic properties are used for metabolism. Their incomparably high speed of multiplying and their relatively simple genetic pliancy will continue to turn them into the industrially most variably usable biological systems forthwith.

Along with them there are then the animal and plant cells expanding the palette of products producible through micro-organisms. As non-living biocatalysts, formed however by living organisms, the already widely used enzymes are gaining ground. Still unclear is whether the synthetic production of enzymes--also called synzymes--can play a greater role in industrial production. Equally hard to estimate is whether an industrial breeding of higher organisms not used agriculturally, such as aquatic plants and insects, will prevail.

In Which Production and Service Facilities Is Biotechnology Expected to Become Effective?

The preferred trend today is pharmaceutical production. Gene technology today offers the possibility to produce species-specific prophylactic and regulatory substances industrially. One has learned from determining the structure of DNA to make inferences for the structure of the protein molecule coded by it and vice versa, from the protein to the coding DNA. That gives access from various sides to producing materials that heretofore were the exclusive domain of the human body. Interferone and insuline are the best known examples for it. In the background, however, are already hormone growth factors, immunization regulators and neuropeptides. Their production becomes interesting to the extent that one learns more about their function in the human organism. Furthermore, the gene-technological methods are useful for improving the production of already known, biologically produced pharmaceuticals such as antibiotics, hormones and enzymes.

Cell fusion is another basic technique in the external production of substances germane to the body. Through fusing a cell producing specific substances with a clearly fast growing one, the properties of both could be united in a hybrid cell. An example is the fusion of antibody producing lymphocyte cells with (fast growing) cancer cells. Through the hybridism resulting, it was possible to extract monoclonic antibodies, coming out of one cell, through the technical method of cell cultivation. Such developments in turn induce the broadening of already known methods in getting pharmaceuticals from the industrial cultivation of animal and plant cells.

Another preferential trend lies in the complex utilization of biotechnological methods and processes in agriculture. For one thing, all methods conceivable for the production of human pharmaceuticals also are applicable to the production of veterinary pharmaceuticals. The growing interest in it comes from the rapidly advancing industrialization of livestock production because of the generally climbing demands for meat and meat products. Moreover, for livestock production the availability of indigenous body growth stimulators and ways and means for the genetic improvement of domestic cattle are possible and economically significant.

For useful plants the methods of gene techniques and cell cultivation allow genetic improvements at much greater variety and speed than was possible through the classical methods of growing them. The target properties aimed at are the nutrient value, yields, growth rate, tolerance to stress, and resistance to natural and artificial noxious factors. Another outstanding effort in using gene-techniques in crop production concentrates on introducing or increasing the property of nitrogen fixation in useful plants. Also the production of microbial herbicides is gaining scope and importance.

In the agricultural production system microbiological processes are taking place also, as in the regeneration of soil fertility and the conservation of fodder. Biotechnological processes therefore meet with growing interest for activating internal cycles in agricultural production. They aim at making a complete use of the produced primary products. They pertain to the production of fodder, energy sources and basic chemicals while relieving the environment and to the production of starting cultures and the silo storage of green crops and of bacterial fertilizers.

We are more reticent in our expectation of using biological processes for the production of industrial chemicals. There is the expectation that the control over the protein biosynthesis in living organisms will make the production of enzymes possible to some extent. From it one expects a new class of highly efficient biocatalysts. We still do not know much, however, of the biochemistry of the syntheses and of the enzymes that may lead to technically relevant substances. That situation at this time limits the practically feasible target areas for applying the new techniques, notably the gene technique.

Another situation is found in the branch of the chemical industry that is dealing with the production of special chemicals. It already makes use of biological syntheses at a fairly large scope. The production of microbial protein, amino acids, polysaccharides, enzymes, aromatic substances and vitamins can be intensified and made more economical with the new methods. Here one expects the most permanent effects of biotechnology, also with regard to broadening the palette of commodities.

In terms of metabolism, the processes in microbial protein synthesis are among the biggest in the chemical industry. The demands made on the quality of its products require pitching the qualitative level of pharmaceutical products at the scale of chemical mass processes. What one needs to know about it can in part be gained only when the plants go into operation. Biosynthetic protein nutrients have to be more economic to produce than those that come from agriculture. As farm production can use factors that nature supplies gratuitously, the alternative of biosynthetically producing protein is of advantage only if its industrial organization produces a labor productivity far above farm production. Solving this task calls for using all means for intensifying and economizing protein production. From there we therefore also get strong impulses for intensifying and economizing other biological industrial processes.

The foodstuffs industry, in terms of value of production, now has the greatest share in biotechnology. Biological processes are greatly involved in the production and refining of foodstuffs. Yet this branch still strongly follows traditional lines. Experience often still receives preference over scientific penetration. Even so it becomes ever more evident that the increased knowledge in the microbiological, biochemical and molecular-biological fields also compels the foodstuffs industry to pay attention. Thus exact familiarity with the physiology of yeast cultures becomes as important for intensifying the baking yeast production as knowing the reaction of lactic acid bacteria to phagi for improving the quality of products in the processing of milk.

In terms of volume, the largest part of biotechnological processes serves the protection of the environment. Great hopes are attached to the new techniques in converting highly toxic substances over which one might accidentally lose control (the Seveso disaster is often referred to in this context) rapidly and securely into innocuous compounds. Biological waste water treatment has reached a stage that makes possible combining it with measures of extracting valuable materials. Biological spent air treatment is still new. Surprising chances are seen for removing organic as well as inorganic substances from gases. The biological treatment of solids gets strong impulses from the recognized possibilities and needs for coal desulphurization.

Raw material extraction can come into a new situation in some areas by means of biological systems. It has become the norm still to extract the residues of valuable metals from exploited mineral deposits and dumps, out of dead rock, through microbic leaching. One tenth to one fifth of world copper and uranium production relies on that method today. A most recent discovery pertains to the properties of micro-organisms for enriching metal ions out of a liquid solution. Mercury can thus be recovered from the spent liquor of soda lye production by means of bacteria. A complex of methods for leaching and collecting of metals has become available that supplements, in a manner worthwhile investigating, the conventional methods of metal extraction.

There are no indications for any essential structural change in the prevailing system of energy production by means of using biological processes. Within this structure, however, biological processes can help, by utilizing otherwise unuseable industrial waste products, improve locally or relieve the energy situation in the farm and communal economy. This primarily pertains to the processes of biogas production. That can come to a share of a few percentages in overall energy production.

Attempts at using the information controlling properties of biological systems in computer technology are still timid. Increasing miniaturization and the technical problems connected with that raise the question of where and when the controllability of artificial systems becomes more difficult and expensive than understanding and using natural systems for these purposes.

Due to the range of social application possibilities and all the economic, social and ecological effects deriving from them, it becomes obvious that biotechnology, based on the latest science data, has what it takes to become a key technology. Through what it suggests for a high increase of labor productivity and a more complete exploitation and economic utilization of available raw materials, secondary raw materials and waste products, it promises a general improvement in the cost/benefit ratio and a higher national income. It therefore gains increasing importance for the further implementation of our economic strategy. Its production effectiveness under prevailing conditions is still very uneven, however. Its use must thus be organized in accordance with any given conditions.

What Main Questions Are Posed in Making More Use of Biotechnology?

The first thing one must refer to is its connection with basic natural science research. The contours in using the new techniques do show, to be sure, and some applications are there as well. But its broad use in production still is hampered by vast knowledge gaps. A closer tie between biotechnology and the biosciences and a better understanding of basic biological research for technical problems are still needed. Given the great diversification of the biosciences and the necessary contributions they have to make to medicine and agriculture, this expansion of their scope of tasks is not easy but, nonetheless, a necessary step.

Equal in importance is the development of an applied science, also called biotechnology--synonymous with the field of practical application. Its apparent major concerns are gene technology, cell fusion and the bioprocess technique. Its tasks are found in the innovation, optimization, balancing and economic assessment of biotechnological processes, in making the aggregates and installations for these processes and in their integration with higher production systems and combinations. Right now the elaboration and control of these methods consume a considerable share of basic technological research.

Interdisciplinary cooperation between the natural, technical and economic sciences is absolutely necessary for biotechnological projects. It has been found to be of minor importance to define a particular leading discipline. Important is to organize the cooperation among various disciplines in such a way that the advance in knowledge is harmonious and no one hangs back while waiting for some solution from his own discipline. Interdisciplinary work is organized today via projects. Often centers are set up to take care of it. Leadership there is among the most complicated yet important tasks for advancing the practical effectiveness of biotechnology.

However, it has also turned out that the science centers can quickly transfer their data to the practical field only if in the practical facilities that receive them there are collectives with expert knowledge of the biotechnological working methods.

This context raises the question of the well-timed development of staffs. And this does apply not only to biotechnology in the more narrow sense. Here the matter mainly is to provide those who do well with a firm scientific base by developing and conveying biotechnology as a science. This also applies to the biosciences, in the training courses of which more attention has to be paid to technically relevant questions, as biologically relevant questions in the training of other natural scientists, technical scientists and mathematicians also. Being focused on a broad use of biological processes in technology, it also calls for the training of workers and technicians for coping with the new production processes. Personnel exchange among research, teaching and production facilities, a closer link between research, teaching and practice, continuing education measures and furnishing general biological knowledge are the means to be used to that end.

Cooperation with the research, teaching and production facilities of the USSR is of decisive importance to theoretical and practical advances in biotechnological development in the GDR. Far-reaching CPSU resolutions have promoted the Soviet biosciences and industrial biological production to a large-scale level that determines world standards. This development provides us not only with experiences of practical use, but also with the confidence that biotechnology can be pushed ahead for the benefit of our economy.

Biotechnology today encounters a technical perimeter that is not yet up to the demands for optimum exploitation the new processes raise. Therefore it is of crucial importance that machine building and the testing devices industry help attain a technical level in equipment, devices and plant techniques that allows fully exploiting the capacities inherent in biotechnological processes.

A particular essential task on the optimum solution of which depends the rate at which natural science data can be carried into practice is the scale enlargement in biological processes. At the present state of the art, that is only possible via pilot plants. The planning, placing and operating of these expensive research means and the exploitation of the data attained through it present biotechnology with responsible tasks.

Finally, the new techniques require a relatively large number of specific agents, in particular special chemicals, without which their practical implementation is impossible. To a degree they are themselves biotechnically produced commodities. The development of this field of chemical industry and biotechnology is not only indispensable for introducing the new techniques, it can also be made economically effective.

What with all the demands biotechnology raises for introducing a number of discernible new processes, we must not forget that quite a number of biological processes are being used in our daily production practice. One of the topical demands placed on the science of biotechnology therefore is to combine the preconditions for instituting new processes with the intensification of processes already in operation. This means that every advance in knowledge resulting from basic research has to be checked for its immediate practicability. This is all the more urgent since the currently operated biotechnological processes to the largest extent do not yet approach their performance maxima.

The most recent development in the production of ethyl alcohol shows that even a production carried on deliberately for centuries and seemingly no longer improvable still can be intensified significantly. Clarifying the naturally given performance boundaries of such processes and deriving technical measures for fully exploiting them for positive economic effects are tasks of a first-rate importance set for biotechnology also in our foodstuffs industry, agriculture, chemical and pharmaceutical industries.

Attractive as the opportunities for targeted encroachments on living systems are, we must remain aware of the fact that organic nature on our earth has by no means yet revealed all its secrets to us. Conventional biological research also keeps furnishing us constantly with new data. Who could have imagined 20 years ago the opportunities handed to us today through the systematic exploration of methylophilic bacteria to be able to use such bulk raw materials

as methane and methanol? Who would have dared 10 years ago to raise the question whether microbic life is possible close to the critical point of water at several hundred degrees of Celsius? The selection of micro-organisms from nature keeps offering still many unknown opportunities for making technical use of it. A more accurate observation of natural processes, such as the adhesion capacity of micro-organisms on smooth surfaces, supplies us with new handles for making technical use of biological phenomena. We should therefore engage in biotechnology with a broad view to its naturally given potentials, and basic bioscience research should not be narrowed down by the new data, but broadened.

Biotechnology cannot only be fed from the source of the biosciences but also--as its name implies--by technology. We are gradually coming to understand the demand for a universal technology as a science of the production processes. It still is at a stage where the experiences of the more developed concrete forms of technology, of the chemical, foodstuffs, textile and so also biotechnology play more of a role than the not yet assured universal inevitabilities, theories and methods.⁶ Nonetheless, the theoretical penetration of the technological components of biotechnology serves as a stimulus for better coping with the development and operating of biotechnological processes.

Biotechnology, as any other science development aimed at practical purposes, also contains potentials for exploiting natural science findings and technological measures against man. Under the aegis of the boundless arms buildup policy by the most aggressive imperialist circles, this question is gaining in weight. In well called-for concern, therefore, scientists have raised their voice to point out that the ban on biological weapons development and application that has been achieved and is in existence not be broken or circumvented. By limiting research for fear of a possible abuse of its data that possibility cannot in principle be prevented. Here, rather, arises the question of the goals of the society determining the use of these data.

For the scientists in the socialist countries, that question has been answered. We are unanimous and sure our society uses the research data exclusively for the good of man. We not only have the opportunity, but even the moral and civic obligation, to involve our efforts in how they are used. Our data are not snatched from us; we have something to say about them. This practical experience and our knowledge of the inseparable connection between socialism, peace policy and the striving for humanism in our society enable us to do our work free of any doubts about the use made of our data against man. This position of our society also gives us the right to assume our responsibility as socialist scientists and call on, and assist, the scientists in the capitalist part of the world to oppose any abuse of their data in their society.

An extremely dynamic development is currently observable in making novel biological processes serviceable to technology. Thanks to the far-sighted resolutions of our party that have set the stage for our science and economy to develop that way, we are not only facing it, but we are able to help it along and, in some areas, exercise our say-so as well. To make the proper use of it calls for an everyday resolute dedication by those involved, an unyielding effort toward highest achievements, a matter-of-fact assessment of results achieved and feasible tasks, but equally much an unshakeable confidence in one's own

capacity for solving the task our party has posed, also to make biotechnology optimally usable in order to achieve the needed performance improvement that will allow us to pursue with success the main task course now and in the future.

FOOTNOTES

1. "Eighth SED Congress Directive for the Five-Year Plan on GDR Economic Development, 1971-1975," "Protokoll der Verhandlungen des VIII. Parteitages der Sozialistischen Einheitspartei Deutschlands" [Eighth SED Congress Proceedings], Dietz publishing house, Berlin, 1971, p 332.
2. "Direktive des X. Parteitages der SED zum Fuenfjahrplan fuer die Entwicklung der Volkswirtschaft der DDR in den Jahren 1981 bis 1985" [10th SED Congress Directive on the Five-Year Plan for Economic Development in the GDR, 1981-1985], Dietz publishing house, Berlin, 1981, p 36.
3. Erich Honecker, "In kampferfuellter Zeit setzen wir den bewaehrten Kurs des X. Parteitages fuer Frieden und Sozialismus erfolgreich fort, 7. Tagung des ZK der SED" [In These Times of Struggle We Press Ahead Along the Road to Peace and Socialism Charted by the 10th Party Congress--Seventh SED Central Committee Session], Dietz publishing house, Berlin, 1983, p 29.
4. Comrade Erich Honecker, "Aus dem Bericht des Politbueros an die 9. Tagung des ZK der SED" [From the Politburo Report to the Ninth SED Central Committee Session], Dietz publishing house, Berlin, 1984, pp 37-38.
5. Cf. Carl-Goeran Heden, "Information in Microbiology--A Weapon Against Abuse," WISSENSCHAFTLICHE WELT, No 4, 1982, pp 3 ff.
6. Cf. Manfred Ringpfeil, "What Turns Biotechnology into a Key Technology?" SPECTRUM, No 4, 1983, pp 1 ff.

5885

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GERMAN DEMOCRATIC REPUBLIC

SOIL QUALITY IMPROVED THROUGH ORGANIC, MINERAL FERTILIZERS

Leipzig URANIA in German Vol 60 No 11, Nov 84 pp 25-28

[Article Compiled by Dr Eva Mai: "Muencheberg: Agricultural Research for Today and Tomorrow; Specialists in Soil Fertility Search for New Ways of Increasing Yields"]

[Text] In the more than 750 year old town of Muencheberg located on the edge of the Swiss Brandenburg area--just 50 km from Berlin--is the headquarters of the Research Center for Soil Fertility under the GDR Academy of Agricultural Sciences. The research center, which coordinates national research efforts in soil conservation, has installations in Jena, Bad Lauchstaedt, and Eberswalde as well as divisions in Dedelow and Schoeneiche. Founded 56 years ago as the Institute for Breeding Research, during the 35 year existence of our socialist workers' and peasants' state it has developed into one of the most productive research bodies within the GDR Academy of Agricultural Sciences.

In the long run, the soil remains our chief means of production in the provision of food, feed, and raw materials. Here the object is to wisely utilize precipitation as well as the sun's light and heat. The conversion and storage in the soil of energy, nutrients, and water have a decisive influence upon the efficiency of plant production. For this reason, great importance is attached to the long-term maintenance and improvement of the biological, chemical, and physical soil characteristics that determine soil fertility. The work of 290 scientists and 800 of their colleagues at the research center is directed toward this aim. Eight cooperative research teams coordinate all of the activities in progress in the GDR for conducting research on soil fertility. Close cooperative ties exist with other institutes under the GDR Academy of Agricultural Sciences, with the universities, and with technical colleges in the GDR within this framework and on a bilateral basis.

Scientists and technicians at the research center collaborate closely with more than 50 plant producing enterprises in the GDR in order to put research results into practice rapidly and on a wide scale with a great economic effect. Two-thirds of the topics listed on the research schedule are worked on jointly with partners in the socialist states.

The GDR's agricultural land resources amount to 6.2 million ha or 0.37 ha per capita. A considerable proportion of the arable land area (ALA) consists of sandy soils with frequent, major water deficiency (27 percent of the ALA), soils subject to flooding (29 percent of the ALA), clayey soils that are difficult to work (5 percent of ALA), soils seriously endangered by water erosion (21 percent of ALA), and soils with subsoil packing (29 percent of ALA).

Parts of the agricultural land area are deficient in organic material, nutrients, and lime. In order to improve and eliminate these limitations to the soil's ability to yield crops, research is being conducted at the present time particularly on the following: improvement of cultivation structure and crop rotation, increased application and improved utilization of organic material and nutrients, improvement of agricultural techniques and technology, prevention of soil compaction and erosion, conservation and improvement of flooded soils, soils with subsoil packing, and soils with erosion damage, and guaranteeing greater sophistication in the maintenance and improvement of soil fertility.

A selection taken from the broad spectrum of its research activities reflects the problems, goals, and successes of the Muencheberg collective:

Crop Rotation Management

Together with the plant production section at Martin Luther University in Halle, for example, procedures and guidelines have been established for the management of crop rotation. Increases of 5-10 percent in crop yields are made possible by better utilizing the effect of the previous crop in rotation on 20-40 percent of the land area planted to grains, especially in the case of winter wheat, winter rye, and summer barley. While taking yield potential, plant hygiene requirements, and economic demands into consideration, the permissible proportion of the individual crop in the crop rotation was scientifically established and precisely measured. New discoveries regarding the population dynamics of important pests led to the exact determination of cultivation intervals (see Table 1).

In order to study the influence of biological soil factors on plant growth and to find an explanation for problems of plant hygiene, the phytotron division utilizes environmental chambers as well as partially climatized rooms. The programability of the most important climatic factors, the reproducibility of weather cycles in consecutive experiments, and the possibility of cultivating field crops 3 to 4 times in a single year all make short-term results possible.

Description of Agricultural Sites

The intensification of agricultural production demands that farmland and pastures in the GDR be utilized in a manner appropriate to their siting. To this end, site conditions of areas used for agriculture are recorded in their entire complexity such that they can serve as a basis for planning and development. The maps illustrate heterogeneous, natural locational units which are interpreted for various agricultural uses by means of a system of site groups, site types, and regional site types.

Application of Organic Material to Soils

Guidelines have been established for the application of organic material to soils (see URANIA 12, 1982). Here, among other things, the influence of humus content on the soil's nutrient content, on the soil's water-retaining ability and its effective water capacity for plants, and on the stability of soil particles under selected site conditions is identified quantitatively.

Long-term experiments showed that the use of combined organic-mineral fertilizers produced yields 4-10 percent higher compared to the use of mineral fertilizers alone. These yields increase as one goes from the fertile loamy soils (black earth) rich in humus to the humus-deficient sandy soils. An increase in the soil's humus content is generally accompanied by an improvement in nutrient content, nutrient convertibility, and soil structure. The method developed jointly with scientists from the Institute for Fertilizer Research under the Academy of Agricultural Sciences for balancing the organic material contained in mineral soils in the GDR is part of the GDR's EDP fertilizer system and is used for calculating humus balances on the basis of crop rotations. Field balances can also be calculated using a minicomputer program by comparing the requirements for and the addition of primary organic material.

Organic Fertilizers

In close cooperation with fertilizer manufacturers, scientists in Muencheberg have also developed effective procedures for producing peat and sea sludge as well as procedures for mechanized composting in order to produce agricultural composts and horticultural soils. In most instances, a suitable method for producing peat is waterless harvesting by pumping out the bogs. Sea sludge, on the other hand, is obtained by using grab excavators placed on a barge. The material is transported using lighters. This procedure has been developed further. In order to reduce transportation costs, dewatering on the shore was introduced as a new procedural step.

It was possible to increase productivity, improve product quality, and create favorable composting conditions for waste materials through the use of the KF 78 compost milling machine developed in conjunction with the Academy of Agricultural Sciences' Research Center for Mechanization. The machine is used to produce agricultural compost and horticultural soils from waste materials such as sewerage sludge, household refuse, liquid manure, manure solids, agricultural and industrial waste, and natural substances. A quality review and control system developed jointly with production enterprises guarantees the quality of the compost and of its use in practice. By utilizing established technological model solutions and procedural documentation, last year it was possible to produce over 2.5 million m³ of organic fertilizers with a significantly higher degree of efficiency.

Overhead Irrigation

A computer-assisted overhead irrigation advisory system has existed in the GDR since 1972 for all agricultural enterprises (first generation). The second generation of computer-assisted overhead irrigation management (IBSB-2)

is currently being put into practice in collaboration with the Ukrainian Research Center for Hydrotechnology and Soil Conservation in Kiev, the Ukrainian State Design, Construction, and Research Institute for Hydroeconomy in Kiev, the GDR Meteorological Service, the GDR Academy of Sciences' Center for Computer Technology in Berlin, the Plant Production Sections at the Universities of Halle and Berlin, and the Agricultural Engineering School at Fuerstenwalde. Solutions have been discovered for the new system that make overhead irrigation even more efficient. For example, an advisory model was developed which uses the actual water requirements of plant formations as a basis and takes greater account of technological and economic criteria. A further advantage of IBSB-2 is that it permits short-term changes in agronomical conditions to be described in even greater detail.

The system is being used to provide recommendations for clean water sprinkling and to calculate precisely environmentally compatible sprinkling with liquid manure and waste water, while at the same time balancing the quantity of nitrogen applied. Furthermore, the possibility exists of making a prognosis of plant water requirements that serves as a basis for regional activities. In addition, crop producing enterprises faced with limited water reserves can request recommendations regarding the optimal priority and sequence for overhead irrigation.

Twice weekly, the enterprises submit information regarding the state of plant development, precipitation, and available irrigation techniques and technology by telephone or telex via the appropriate district advisory groups to the computer center of the GDR Academy of Sciences in Berlin. Even before day's end, they will receive concrete recommendations on the efficient irrigation of their fields.

From 1985 on, this new overhead irrigation system will be utilized in the GDR on about 300,000 hectares. Annual savings of 5.7 million marks are anticipated. In comparison to the old project, the pilot test has resulted in additional savings of water equal to 60 cubic meters per hectare annually and energy savings of 79 megajoules. The new system will be employed on about 500,000 hectares in the Ukrainian SSR.

This report was compiled by Dr. Eva Mai based on materials supplied by the Muencheberg Research Center for Soil Fertility. We thank Prof. Dr Peter Kundler for his support. Ed.

Table 1. Guidelines for Crop Rotation Management

<u>Crop</u>	<u>Required Cultivation Interval</u>	
Table and Starch Potatoes	3	years
Seed Potatoes	4	years
Sugar Beets	4	years
Rape	3	years
Winter Wheat	2-1*	years
Winter Barley	2-1*	years
Winter Rye	1-0*	years
Summer Barley	1-0*	years
Oats	3	years
Alfalfa	4	years
Clover Grass	3	years
Red Clover	5	years
Field Beans, Lupines	3	years
Peas	5	years

* A cultivation interval of 1 year or one-time sequential planting is permissible in exceptional cases.

Results from Muencheberg . . .

Complex procedures for increasing soil fertility -

A foundation for work with high yield innovations in practice

-Field-by-field description of natural site conditions

-Control over soil fertility conditions on the basis of corresponding reference numbers

-Favorable biological and technological crop rotation management

-Balances for organic material and nutrients

-Optimal crop results (i.a., through increased application of organic material, more efficient use of mineral fertilizers, more rational tilling methods, draining of wet areas, soil aeration, soil conservation on slopes, overhead irrigation)

-Planning and control of all activities based on field-by-field norms with the aid of the EDP field catalog

12412

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GERMAN DEMOCRATIC REPUBLIC

MATERIAL RESOURCES FORM BASIS FOR AGRICULTURAL PRODUCTIVITY

East Berlin KOOPERATION in German Vol 18 No 12, Dec 84 pp 564-567

[Article by Gerhard Kaulitzki and Dietrich Klaus: "The Comprehensive Nature of Reproduction of the Material-Technical Basis in Agriculture"]

[Text] A productive material-technical basis, one that makes stable economic growth, high labor productivity, and a high degree of efficiency possible, is a characteristic of a developed socialist society. The basic demands placed on its further development result from the fact that the unity of economic and social policy is achieved under changed reproductive conditions without any substantial expansion in available capital stocks. Growth in production must essentially be attained with constant or decreasing expenditure of energy and materiel, with less expenditure of labor, and with declining costs per production unit.

The material-technical basis in agriculture should be viewed as the organically interrelated totality of the means of production employed in this economic sector in terms of its divisional, territorial, and technological structure¹. It consists of various elements which contribute by their comprehensive use to the realization of agricultural policy (overview).

[Inset]

Overview

Important Elements of the Material-Technical Basis of Socialist Agriculture

1. Primary Means of Production Soil
2. Agricultural Crops
3. Breeding and Domestic Animals
4. Machines, Apparatus, Equipment, and Technical Installations
5. Production Buildings and Structures
6. Soil Conservation Installations
7. Water
8. Organic and Mineral Fertilizers and Plant Pesticides
9. Feed
10. Chemical Aids to Animal Production
11. Electrical Energy, Fuels, and Lubricants
12. Spare Parts, Subassemblies, and Maintenance Supplies

Based on their functions, these elements are classified as the primary means of production soil, fixed productive stocks, and liquid productive stocks. The size, structure, and effect of the material-technical basis are determined by the unique characteristics of agricultural production. In the productive process, its elements possess varying importance for achieving increases in production. For example, plants and animals, which are decisive means of production in determining the amount and efficiency of production, are biological in character. Here a prime necessity is the constantly increasing reproduction of soil fertility. More productive plants permit better utilization of "free productive forces," namely, solar energy, atmospheric carbon dioxide, and natural precipitation.--What is essential is to utilize the individual elements which comprise the material-technical basis in such a combination that natural resources are used more and more effectively.

These interrelationships are made most visible by the great influence exerted by technological processes, work objects, and energy forms upon the development of labor implements. For this reason, it is of prime importance to maintain an economically justified balance among these elements. The growing proportionality between the various capital stocks and their rational utilization contributed toward increasing production and productive efficiency, thereby helping to raise national income and to improve working and living conditions.

Reproduction of the material-technical basis is part of the reproduction of productive forces and productive relationships in agriculture. Here one must always bear in mind that the economic and the natural processes of reproduction are closely linked and that the former exerts substantial influence on the relationship between costs and results. Fixed technical capital stocks are of decisive importance for the nature of agricultural production and for its efficiency. (This aspect in particular will be dealt with in this report.) Fixed technical capital stocks encompass those decisive labor implements by means of which scientific-technological progress is to a large extent realized. They are a controlling determinant of the "how" of agricultural production. Labor implements are not merely means for raising the productivity of human labor and the economic efficiency of production, rather, they also change the nature of work and thereby influence the worker's personality development.

Development of Fixed Technical Capital Stocks--Evidence of Continuity in Agricultural Policy

The qualitative changes which occurred in agriculture also form part of the GDR's 35-year history. Restructuring of the material-technical basis proceeded in tandem with the formation and consolidation of socialist conditions of production in the countryside during the 1960s and 70s. During this period, fixed capital stocks were improved both quantitatively and qualitatively (Table 1). The latter is evidenced, for example, by the inventory of harvesting combines, which it was possible to reduce at the beginning of the 1970s owing to the manufacture and introduction into service of the substantially more productive E 512 machine type.

Table 1. Agricultural Labor Implements in the GDR; Selected Data, Inventory in 1,000 Units, Distribution in ha Arable Land Area/Unit⁶

<u>Item</u>	1950		1960		1970		1980	
	<u>Inv.</u>	<u>Dist.</u>	<u>Inv.</u>	<u>Dist.</u>	<u>Inv.</u>	<u>Dist.</u>	<u>Inv.</u>	<u>Dist.</u>
Tractors	36.4	179	70.6	84	149.9	40	144.5	44
Trucks	3.2	2,030	9.3	634	27.2	216	51.6	126
Harvesting Combines	0.4	6,400*	6.4	340*	17	123*	13.6	189*

* Cultivated Area

Considerable investments have been made during past years in order to improve the material-technical basis in agriculture. For example, between 1971 and 1980 investments were made which totaled 47.8 billion marks, while fixed capital stocks grew from 32.6 billion marks in 1970 to 69.8 billion in 1980². Just for technical equipment alone, for example, about 8 billion marks of investment resources were made available to the crop and animal producing sector during the 1976-80 five-year plan interval. This made the purchase of 40,750 tractors, 4,570 trucks, 3,500 harvesting combines, and other equipment possible.

This great augmentation of capital stocks substantially improved material-technical conditions for the further intensification of agricultural production and is itself a genuine expression of successful Marxist-Leninist agricultural policy and of the alliance existing between the working class and the class of cooperative farmers.

Considerable progress was achieved in regard to the nature and methods of production. This process was linked and remains linked to the further development of the societal, social, and economic relations that exist among all agricultural production cooperatives [LPG] and state cooperatives [VEG] involved in the uniform reproduction process.

Crop production held priority in all activities undertaken to reproduce capital stocks. Crop producing equipment, especially mobile equipment, was largely replaced during the 1970s in conjunction with the introduction of new, more productive machine generations--particularly for the harvesting of grains, potatoes, forage, and sugar beets. Inventories of trucks, loading and conveying equipment, and tilling equipment were expanded to a remarkable extent, so that the gross value of these fixed capital items increased considerably (Table 2). On the basis of such quantitative and qualitative development in regard to mobile equipment, it was possible not only to increase labor productivity, but also to bring about improvements in working conditions (Table 3). Whereas during the 1960s manual labor was to a great extent replaced by mechanized procedures, during the 1970s it was the further development of procedures already mechanized that predominated. Furthermore, the replacement process was focused primarily on key items of machinery with which a relatively high degree of mechanization in field operations had already been achieved by the beginning of the 1970s.

Further systematic improvement of all agrobiological, agrotechnical, and agrochemical work processes will require highly developed machine systems for crop and animal production as well as for transportation, handling, and storage. At the same time, gaps in mechanization still remain to be closed. This can be done only by means of additional effort in industry and in the local production of rationalizing devices. The complex process of mechanization in crop and animal production cannot be completed merely by introducing new technical equipment into service; rather, it requires coordinated supplementation by means of locally developed rationalizing devices.

Table 2. Gross Value of Capital Stocks, Mobile Equipment, 1975 and 1981;
1971 = 100 percent⁷

<u>Item</u>	<u>1975</u>	<u>1981</u>
Total Mobile Equipment	128.1	182.4
of which Tractors	120.8	160.8
Trucks	193.4	305.8
Trailers	117.4	144.5
Loading and Conveying Equip.	154.0	239.5
Harvesting Equipment	113.9	156.4
Tilling Equipment	150.4	253.5
Other Mobile Equipment	139.7	253.3

Table 3. Labor Expenditure in Crop Production, Constant Man-Hours per ha⁸

<u>Crop</u>	<u>1966/70</u>	<u>1971/75</u>	<u>1976/80</u>
Grains	77.6	63.5	60.5
Potatoes	87.7	66.8	56.5
Sugar Beets	80.3	64.0	51.31
Field Corn and Corn for Silage	94.2	69.6	55.5

Directed Reproduction of Capital Stocks

The task of the 1980s is to improve the efficiency of the material-technical basis, using available resources in such a way that, in the process of the comprehensive intensification of agriculture, the population is assured stable, domestically-produced supplies of food and industry is assured stable supplies of agricultural products, while maintaining high productivity of the socially necessary labor required for such production. The 10th SED Party Congress emphasized this composite approach: "All steps taken for intensifying, rationalizing, and reconstructing agricultural production should be closely linked to the efficient utilization and further strengthening of the material-technical basis in agriculture and its gradual transition to industrial-scale production methods."³

An important element of the SED's economic strategy is the transition to a resource-saving type of intensively expanded reproduction, with improvements made in the relationship that exists between the growth of production and the growth of capital stocks. In regard to the reproduction of capital stocks in agriculture, the basic problem is to improve technologies on the basis of new discoveries in scientific, technical, and technological research in order to utilize more effectively available potential while taking territorial and enterprise differences into account. Further qualitative improvement of agriculture's material-technical basis above all means "achieving a more efficient capital stock structure and increasing the effectiveness, performance, and reliability of the means of production, while devoting greater attention to the biological needs of the soil, crops, and animals."⁴ Efficient utilization of capital stocks and qualitative improvements in their structure and productive parameters are essential prerequisites for guaranteeing the necessary growth in efficiency. These fundamental requirements and problems are closely linked to the reproduction of capital stocks.

Here it is primarily a matter of making rationalization, modernization, and maintenance--all of which are interconnected--the dominant aspects of reproduction, while achieving scientific-technological progress and extending the service life of capital stocks.

Rationalization

As the chief method of intensification, rationalization contributed substantially towards increasing the effectiveness of the means of production--in particular, the effectiveness of labor implements--while contributing towards the more efficient employment of social labor capacity, more intensive use of the soil, and better control over economic, technical, technological, and biological processes in their combined effect. In terms of capital stocks, rationalization methods include: modernization, standardization, mechanization, utilization of productive technologies and automation.

Rationalization in crop production extends from more efficient organization of the production and labor structure, to utilization of locally developed rationalizing devices, to better soil cultivation and adherence to agrotechnical deadlines. Rationalization in animal production should be aimed primarily

at creating more favorable basic conditions by improving technical equipment and introducing more productive procedures, so as to achieve more complete exploitation of the animals' productive potential with improved feeding economy, reduce further the sometimes great expenditure of manual labor, and improve working conditions.

Modernization

Closely linked to rationalization is the modernization of agricultural labor implements and technical equipment. Here the primary aim is to put the latest scientific-technological discoveries and innovations into practice, to raise the technical standards of machinery and equipment, that is, their utility value, and to counteract moral attrition. Scientific-technological progress forces the modernization of capital stocks, whereby qualitative changes in agricultural labor implements are also possible through the use of micro-electronics. On the one hand, modernization proceeds in the form of rationalizing investments primarily for the purpose of replacing capital stocks; on the other, it proceeds in the form of general repairs as an element of maintenance. The economic advantages of modernized technologies lie in the savings of labor, investment, and materiel costs per product unit that can be simultaneously realized.

Maintenance

Maintenance includes all activities which protect the reliability and operability of capital items during their service life and which also increase the utility value of such items by making minor modifications and installing modern subassemblies. The aim of these activities is to prolong the service life of agricultural labor implements. Because maintenance is an important requirement in the agricultural production process, it is necessary to direct the entirety of its activities toward the attainment of high productive results and efficiency.

Maintenance costs are influenced largely by the size, structure, qualitative composition, age, and productive capacity of technical capital stocks, as well as by their utilization in practice. The main object is to create conditions such that costs are reduced. Reserves are available chiefly in the form of:

- better care and servicing;
- greater emphasis on damage-oriented maintenance;
- improvements in the quality of maintenance activities;
- further increases in spare parts recovery.

The basic concern of damage-oriented maintenance is to radically reduce high costs while simultaneously guaranteeing reliability and availability.

Duties of State Organs

The efficient utilization and further improvement of technical capital stocks place great demands upon management activity at all levels. Owing to the

necessity of utilizing available resources rationally and employing scientific-technological progress as a lever for making qualitative changes, the following management duties need to be stressed:

First, it is important to create the best possible conditions for the use of equipment. "A machine that does not operate in the work process is useless. Moreover, it falls victim to the destructive power of natural metabolism. . . . Human labor must seize hold of these things, . . . and transform them from merely potential utility values into actual and active ones."⁵

Hence, the most important phase in the reproduction of capital stocks is their productive utilization. In it lies the capital item's definition of purpose.

This requires a range of activities upon which state organs must exert conscious influence. They include:

- thorough formulation of action and campaign plans in the agricultural production cooperatives and in state cooperatives;
- coordination of capacity and transportation balances;
- differential application of capacity norms, including the shift coefficient;
- consistent performance of planned maintenance activities;
- systematic modernization of technical equipment.

Important prerequisites are, for example, aggregate and shift activity, machine-operator training, socialist competition, and strict management of equipment utilization.

Second, state organs have the duty to safeguard long-term improvements in the material-technical basis. The mechanization and rationalization program concepts are suitable tools for achieving this. As based on economic strategy, the following should serve as guidelines in formulating these program concepts as preparatory planning materials:

- all activities are to be aimed at achieving high yields and performance in crop and animal production;
- determination of requirements for continued composite mechanization are to be based on thorough analyses and on supply norms;
- in the case of plan variants, mechanization activities that hold priority in terms of national economic possibilities should be documented;
- program statements should make it possible to safeguard long-term trial balances for rationalizing investment projects and their material-technical classification;

- rationalization activities should contribute toward more efficient management of the uniform agricultural reproduction process and safeguard growth in production and efficiency at the lowest possible cost in terms of material-technical stocks;
- training requirements for cooperative farmers and workers should be described.

The context and interrelationships which exist among labor capacity, working conditions, and capital stocks should always be taken into account in the descriptive statements of mechanization and rationalization program concepts and in their realization in practice.

Third, it is important that the initiatives and creative energies of cooperative farmers and workers be encouraged and utilized even more. State organs need to ensure that innovation processes are supported by broad, creative collaboration on the part of cooperative farmers and workers in order to utilize their specialized knowledge for rationalization and modernization projects while at the same time channeling their initiatives in the direction of practical application. Taken as a whole, the object is to involve applied scientific-technological progress to an even greater extent in management activity, in democratic participation by cooperative farmers and workers, and in socialist competition. State organs and scientific institutions, especially the scientific-technological centers as well as "awig" [meaning, expansion unknown] and "KDT" [Chamber of Technology], bear joint responsibility in this regard. Equally important is efficient linkage between science and production and the purposeful development of innovative activity. Here the basic orientation of the innovators should be directed particularly toward solving technological problems in accordance with actual agrobiological and technical needs. Good results have been obtained through the common efforts of collective and state farm machine-operators and workers in agricultural equipment enterprises; the need is to make them more general in scope.

In summary, it can be stated that comprehensive intensification of agricultural production requires qualitative changes in technical capital stocks, in addition to utilization of both the results of scientific-technological progress and the manifold possibilities available for achieving rationalization. In this way, increased soil and labor productivity, rational use of energy and materiel, and greater capital stocks economy are guaranteed in a comprehensive manner. This corresponds to the transition to a type of intensively expanded agricultural reproduction which economizes on capital stocks.

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12412

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GERMAN DEMOCRATIC REPUBLIC

AGRICULTURAL AIRCRAFT BRING RESULTS

East Berlin BAUERN-ECHO in German 28 Dec 84 p 1

[Unattributed Article: "Farm Aviators Produce Highest Crop Yields Yet; Time for Inspecting 'Bumblebees' and 'Ravens' Cut"]

[Text] Berlin (ADN)--Aircraft from the Republic's agricultural flight squadrons have gone to the shops for a thorough overhaul. With 5.2 million hectares of fields and forests sprayed from the air, the year 1984 brought the best results yet for agricultural aviation.

Nearly half of the year's work was for nitrogen postfertilization of grains. This resulted in increases in crop yields of up to 3 decitons per hectare. The pilots applied plant pesticides to 1.9 million hectares of fruit, potatoes, and rape. Nearly a third of the Republic's forested area likewise received appropriate substances for protection against the night moth, a dangerous pest to pine trees. During the period of peak operations, 50 Soviet and 50 Polish crews and their aircraft provided additional help.

In the past few years, technical improvements in particular have resulted in significant increases in yields, while at the same time improving quality. New loading equipment for fertilizer spraying has decreased the airplanes' time on the ground. This year, young technicians completed an MMM [expansion unknown] assignment. It enables the time required for inspecting the yellow "Bumblebees" and the colorful "Ravens"--as these aircraft types are termed in Czech and Polish translation--to be cut to 24 hours during the flying season.

12412
CSO: 2300/267

GERMAN DEMOCRATIC REPUBLIC

AGRICULTURAL COOPERATIVE COUNCILS PROMOTED

Frankfurt FRANKFURTER ALLGEMEINE ZEITUNG in German 15 Jan 85 p 14

[Unattributed Article: "'All Power to the Cooperative Councils': Agriculture in the GDR Being Restructured"]

[Text] Berlin, 14 Jan--A "central discussion meeting" involving more than 1,300 chairmen of agricultural cooperatives in the German Democratic Republic has shown even more clearly than before that the partially reorganized "cooperative councils" will acquire a leadership role in agriculture in the future. Although it was mentioned repeatedly that the legal autonomy and economic independence of the cooperatives (LPG) in crop and animal production would be maintained, granting of this formal equality of rights in the face of major concentration movements is an old Marxist-Leninist tradition, and not just in agriculture.

The cooperative councils obtain their economic aggregates from the "Councils for Agriculture and Food Products" established at the Kreis level. Werner Felfe, who is responsible for agricultural policy in the SED Politburo, announced that the members of the cooperative councils, including the chairmen, would be elected by the plenums of the cooperatives, but given the new organizational situation, such "elections" have become almost meaningless. It is conceivable that, in the medium term, the still larger "Agricultural-Industrial Associations" (AIV), in which crop-producing enterprises, animal producers, state commodity enterprises, soil conservation cooperatives, agrochemical centers, and processing enterprises collaborate, will acquire greater importance in agricultural policy as models for the future.

12412
CSO: 2300/267

GERMAN DEMOCRATIC REPUBLIC

OBJECTIVES IN RAILWAY ELECTRIFICATION OUTLINED

East Berlin PRESSE-INFORMATIONEN in German No 139, 27 Nov 84 pp 2-3

/Interview with Guenther Knobloch, deputy minister for transportation and first deputy general director of the German Railway System: "Planned Goals For Electrification of Railway Lines Surpassed"; date and place not specified/

/Text/ /Question/ Which rail sections have been put under the wires this year and what remains to be done by year's end?

/Answer/ During 1984, electrified rail operations are being started on an additional 253 km of track, which is 30 km more than provided for by the national economic plan. It will be the greatest increase yet achieved in a year. By the end of September the sections Magdeburg-Stendal, Neudietendorf-Arnstadt, Halle-Delitzsch, and Glauchau-Goessnitz had been connected to the electrified network. Since that time, the capital's second passenger station, at Berlin-Lichtenberg, has been opened to traffic driven by electric locomotives. A large portion of these sections were put into operation ahead of schedule.

By the end of the year, the section from Adamsdorf to Waren (Mueritz) on the Berlin-Rostock line should be electrified. With completion of the 30-km section between Berlin-Lichtenberg and Birkenwerder even before the year is over--this was originally anticipated no sooner than 1985--trains from the southern part of the Republic will be able to make through trips to the north using electric locomotives. Nearly a third of all rail shipments will then be done using electrically-powered trains.

/Question/ Who has played a special part in surpassing the goals set by the 1984 national economic plan?

/Answer/ All of the collectives involved in planning and execution play a part in surpassing planned goals. They include not only a total of about 200 cooperative partners from various branches of the economy, but also our /locomotive/ operations and maintenance of way personnel. The part played by young people should also be emphasized, however. They perform over half of all operations within the framework of the FDJ's /Free German Youth/ central youth project "Railway Electrification."

As early as February 1984, the members of this youth organization promised to complete, as an additional assignment, the important rail section between Berlin-Lichtenberg and Birkenwerder before the end of the year. In this regard, especially deserving of praise are the accomplishments achieved by the youth collectives and by many other employees of the State Heavy Current, Catenary, and Open-Line Construction Enterprise, Leipzig/Halle, of the Electrification and Technical Construction Service of the German Railway System, of the State Power Construction Enterprise, Radebeul, and of the Safety and Signal Equipment Works, Berlin.

The results achieved during September by many "initiative work crews" and "peace work crews" have set the pace for activities in 1985. They made it possible to precisely establish construction and installation scheduling plans, so as to increase further the tempo of electrification in the coming year.

/Question/ The guideline during electrification has been to build while continuing train movements. In spite of this, limitations to passenger travel cannot be avoided entirely....

/Answer/ The most heavily traveled routes are being electrified. This makes clear the complexity of the undertaking, since it is important to provide for passenger and freight traffic while at the same time creating the basic conditions necessary for construction and installation work.

Despite work at night, on weekends, and on holidays, section closings and schedule changes cannot be avoided. It is obvious to everyone that spanning the overhead wire is an operation that cannot be done without temporarily blocking the tracks, as one example. Through the use of appropriate technologies, such as the use of helicopters to put pylons into place, we are limiting the ramifications for passenger and freight traffic, but these limitations cannot be eliminated entirely. The information provided to travelers must be improved. If this is done in a timely manner and in an appropriate form, then we will be shown great sympathy.

/Question/ Why are we putting such emphasis on railway electrification?

/Answer/ Comprehensive studies have proven that the use of electroaction on heavily traveled routes is economically more efficient, more reliable, and provides better performance in comparison to the use of diesel traction. Of particular significance is the far lower specific energy consumption of electric locomotives, energy that is produced from domestic crude lignite supplies. Electric locomotives also possess greater motive power, greater acceleration, and a longer service life; moreover, they do not harm the environment.

Electrification is not only the most important rationalization project undertaken by the German Railway System, but it is also the leading edge in rationalizing transportation movements in the national economy. A shift of road shipments to rail reduces specific transportation costs, and specific energy consumption declines by up to one-third.

Electrification creates favorable circumstances for increasing the productivity of railway personnel because the time and effort required for the operation and maintenance of electric locomotives is considerably reduced. Modern electric locomotives, with their good air conditioning, greater cleanliness, and lower noise levels, also offer better working conditions.

/Question/ On which rail sections will electrification activities be continued in 1985?

/Answer/ The work is directed primarily at the completion of important trunk lines, such as the Berlin-Rostock line to the Rostock ocean port and to Warnemuende. In the Berlin area, important auxiliary activities will be carried out on about 70 km of track, including the connection to the Rummelsburg classification yard and to the freight yards at Pankow and Koepenick. Electrified train operations will be started on the branch lines from Rosslau to Luther's city of Wittenberg as well as on the Stendal-Geestgottberg section. Traveling times will also be shortened because train stops to change locomotives will be eliminated and electrically powered trains will be able to make through trips between Berlin and Rostock, as an example.

Power substations will be placed into operation or expanded in order to supply the railways with the necessary electrical power, among other places, in Adamsdorf, Lalendorf, Berlin-Rummelsburg, and Halle. The overall object is to further increase the tempo of electrification in the coming year. In preparation for the 11th SED Party Congress, we view this as an important undertaking in order to further reduce the economy's expenditures for transportation and to make an even greater contribution towards the growth in national income.

12412

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GERMAN DEMOCRATIC REPUBLIC

BRIEFS

TRADE PROTOCOL WITH INDIA--A protocol on the exchange of goods between the GDR and the Republic of India in 1985 was signed in Berlin on 25 January by Horst Marx, general director in the GDR Ministry for Foreign Trade, and Ajit Singh Chatha, undersecretary of state in the Trade Ministry of the Republic of India. According to the protocol, the GDR will supply equipment for the coal and energy sector, machine tool and printing machinery, products of electrotechnology/electronics, scientific apparatus engineering, the photochemical industry and fertilizers. It will import shoe and boot uppers, tools, textiles, jute sack and packing fabrics, iron ore, mica, bone coarse meal, tea, tobacco and spices. [Text] [East Berlin NEUES DEUTSCHLAND in German 26-27 Jan 85 p 2 AU]

MEETING WITH INDIAN MINISTER--On Saturday in Berlin, Helmut Dersch, state secretary in the Ministry for Heavy Machine Construction and Installation Construction, met for a talk with Vasanth Sathe, minister for steel, coal and mines of the Republic of India [title as published]. During the exchange of views, possibilities for further developing economic and industrial cooperation were discussed. Cooperation in the field of coal mining, processing and refining and the joint reconstruction and modernization of metallurgical enterprises in India were at the center of attention. [Text] [East Berlin NEUES DEUTSCHLAND in German 4 Feb 85 p 2 AU]

COKE SAVINGS IN SMELTING--The Maxhütte metallurgical works in Gera Bezirk now meets nearly 10 percent of its energy requirements with brown coal combustion dust from the Leipzig and Cottbus brown coal areas. Each ton of this powdered coal, which is blasted into the furnaces from special silos, saves about 0.5 ton of hard coal coke. The so-called Kosta process is a joint development of the Maxhütte works and the Freiberg fuel institute. [Summary] [East Berlin Television Service in German 1830 GMT 18 Feb 85 DW]

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HUNGARY

COMMITTEE TO REGULATE ENTERPRISE'S ALTERED MANAGEMENT SYSTEM

United Chemical Works Regulations

Budapest MAGYAR HIRLAP in Hungarian 2 Feb 85 p 6

/Unsigned article: "Organizational Regulations Being Prepared at United Chemical Works"

/Text/ Preparation of the new enterprise leadership forms in the economy has come into the home stretch. Reports are arriving one after another about where which branch is in the process of organization.

Most recently our reporter visited the United Chemical Works to determine what the workers think of and how the secretary of the trade union committee views the expected changes. Since there have been new developments since then we asked the director, Janos Vad, to report to our readers about the debate of the past few days, days filled with work. (It is our plan to report about other enterprises in the future, namely about how the changes were received or are being received elsewhere and how the switch to the new leadership form is taking place in practice.)

"In its preliminary position the Ministry of Industry recommended the creation of an enterprise council," Janos Vad said. "Since we accepted this recommendation, we began preparations. This means that we formed a committee which will direct the entire process, organize it and carry it out. Our experts have begun working out the new organizational and operational regulations. New organizational regulations are needed for the new system too."

In our earlier article it was mentioned that the members of the council might get a 15,000-30,000 forint honorarium a year for their work. But, naturally, for the time being this is only a proposal which will be submitted to the enterprise council being established. The idea came about so that those working in the enterprise council wouldn't be performing their duties as a favor. It has appeared already from the debate at the United Chemical Works that the introduction of the new leadership system will fundamentally change the relationship of the workers to their place of work. The relationship up to now was reduced to the employer-employee schema; in the future it will be determined by an interest in and feeling of ownership. During the debate about the introduction of the enterprise council many dealt with the question of how the management process should be changed so that the managing unit should be more profitable.

As is well known, in this leadership system the director is elected or appointed by the enterprise council. This could confirm the present leader in his present position, but they could seek another candidate too. The preparatory committee is recommending formation of a 16-member enterprise council; nine of the members will be elected, four will be members on the basis of their assignment and three will consist of the elected director and two persons designated by him.

Many tasks must be carried out still before the final formation of the new organization. More and more proposals regarding it are arriving; the collective will take a public stand about all this at the production conference coming up in a few days. If it supports the introduction of the enterprise council then, according to the thinking, the new leadership system will be introduced at the United Chemical Works in the first half of the year.

It has appeared also from what has happened thus far that the preliminary discussions and formulating proposals are characterized by great interest and expectation at the plant, in shops and offices. It is an important experience that this unique work is bringing into public thinking even people who previously may have kept aloof from questions affecting the community. The opinions of leaders and subordinates agree in the idea that the preparations must be accelerated so that decisions pertaining to the seventh 5-year plan of the enterprise can be made in time.

Workers, Managers on Procedures

Budapest MAGYAR HIRLAP in Hungarian 31 Jan 85 p 5

/Article by Attila Kmety: "They Won't Have an Easy Job"/

/Text/ New enterprise leadership varieties are coming into being under a heading of a further development of the economic guidance system. The conversion will be completed by the end of the coming year, but electing the leading bodies and the director is already on the agenda at more and more enterprises. The United Chemical Works is getting ready for this too.

"Where would we learn about it?" asked group leader Tibor Sajben angrily. "I heard on television that there will be something like it, but here no one tells us anything."

I could not decide whether he was worked up because I knew more about what was being done there, but if so I had to agree with him. Why should I be quizzing him about something he had not yet heard about even though it meant more to him than to me! I had aroused the passions with an innocent question during a break in the softening plant: What do you have to say about the fact that an enterprise council will be formed soon in the United Chemical Works?

Then, when the leader of the factory unit extemporaneously told them what the enterprise council was all about, one of them observed: "We do not need a

council here, we need a change of profile!" Something new was needed in products, packaging and export.

"An enterprise council here or there, I do not believe there will be any substantial change here. This will only be something like the director's council, won't it?" was the opinion of Mrs Bela Kurucz, who had heard about what was happening. She had been an administrator on the trade union committee for a year.

They Are Learning Now

"We just got the approval from the ministry and although we have made many preparations we have not been able to inform the workers yet," said the director, Janos Vad. "But people will know more after the production conferences. For the time being they are only asking: And what will we get out of it? So far all they understand is that after this they can remove the director if they do not like him. We will talk to them at the production conferences and win their agreement."

At the conferences now taking place the workers will learn that a 14-member enterprise council is being formed at the United Chemical Works and that they can elect 7 of these members. Because there are 700 of them and 100 people can delegate 1 member. They will also learn that new organizational and operational regulations are being prepared, that a committee to prepare the elections is being formed, and that about 1 May the Chemical Works will come under the leadership of the enterprise council. Of course, all this will be said much more precisely and in much greater detail; a thousand questions will arise which must be answered.

"This much is certain," the director said, "that we must get people into the council who think at the enterprise level and do not merely represent the interests of those electing them."

"Can one gather from this who the council will consist of?"

"By and large it is clear who will go into the council--those who are most active in public life. Four posts will be filled--ex officio--by people who play a key role in the life of the enterprise, for example, the production chief engineer, the head of the main commercial department and the leader of our separate factory unit."

The Director Is Untroubled

"How will the workers elect their representatives?"

"A four-member preparatory committee is being formed. The trade union, the KISZ, the party organization and probably a socialist brigade leader will participate in it. They will nominate the council members, and the workers will decide by secret vote who the seven people going into the council will be."

These 11 people will elect a chairman and vice chairman from among themselves and finally will decide who the director will be. And he can "bring in" two members into the council.

"Are you worried whether you will be chosen?" I asked the 57-year old director.

"I have led the enterprise for 22 years. We were in a difficult situation many times and if we had not been able to get out of it every time do you think I would still be sitting in this chair? The prior agreement of the ministry is needed in regard to the person of the director."

"And if you are not chosen?"

"Then they will have to announce a competition. But it would be difficult for this collective, in this economic situation, to vote for a man they do not know. They are used to my faults and basically the people feel secure under my leadership."

Mrs Sandor Veszeli, secretary of the trade union committee, who took part in our conversation, agreed:

"That is absolutely the way it is. In any case, it is my opinion that after the council is formed the enterprise will be able to adjust to life more flexibly. We will not have to wait for the directives of higher authorities. People will look at the enterprise with the eyes of owners. And this will strengthen the human contacts too."

"The enterprise council won't have an easy job," the director resumed. "They will have to decide about the fate of an enterprise, and we expect real work from them. Naturally they will get separate remuneration for their responsible participation; depending on performance, we will give them honoraria of 15,000-30,000 forints per year."

There Are Possibilities In It

Attila Imregh, leader of the first factory unit, will probably be a member of the council. He counts as a key man; the factory unit provides a respectable part of the production of the Chemical Works.

"I see great possibilities in the new system, because at last something is happening. We will be able to manage more independently; there will be a possibility for better selection of leaders, at least I hope so. I know that the fact that an enterprise council takes over the leadership does not mean that our assets will increase or that our financial situation will improve, but we ourselves can form our fate. In my opinion a very great responsibility will fall on those who must hold the reins now, amidst increasingly severe economic circumstances."

"Would you assume this responsibility?"

"I think so. I have ideas about the future of the enterprise."

* * *

The number of members on the enterprise council is determined in the organizational and operational regulations of the enterprise; the official regulations have set the upper limit at 50 people. The council consists of the director, representatives of the enterprise leadership and delegates of the workers, and every member has one vote. The director can designate some of the representatives of the enterprise leadership--a maximum of one-third. The number of workers' delegates cannot be less than half the number of members. The delegates are elected for 5 years. The enterprise council--which must convene at least once per year--elects a chairman and vice chairman from among its members; the director cannot be elected to these offices. The council elects the director by secret vote, it exercises employer's rights over him, and it can decide to relieve him in the same way. The decisionmaking authority of the body extends to every essential question of operations and management, primarily to strategic questions, and thus extends to establishing the plans, to changing the activity sphere and to other basic questions pertaining to management, employment and distribution of income and naturally also to adoption of the operational and organizational regulations.

8984

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HUNGARY

ENTERPRISE INCOME REGULATION MODEL DISCUSSED

Budapest PENZUGYI SZEMLE in Hungarian No 12, Dec 84 pp 896-897

[Excerpt] The current model of income regulations cannot be considered as complete even after its amendments will enter into force in 1985. Our macroeconomic guidance system makes further steps of development and so does the entire set of regulations. In the system of income regulations we may expect the following developments:

--Beginning in 1986 the city and village development contributions will be adjusted to the wages.

--The application of individual income taxes will be decided--pending on progress in the preparations and on the conditions prevailing--by using wages as counterparts, contingent upon the way the taxes will be introduced.

--Also on the basis of the assessment of the conditions of our price and wage policy, the rate of turnover taxes will gradually be increased and will become more unified. Subsidies will drop. We may set as a goal that the rate of specific turnover taxes should increase from 3 percent, that was valid during 1983, to 10-12 percent. The conditions of this increase ought to be assured also in the area of producer prices.

--Parallel to this, wage taxes and property taxes will decrease. With the expected expansion of our development potentials, accumulation taxes will decline as a first priority. This is meant to play the role of regulator of the business cycles in the system.

--In view of our experiences in income regulations, income taxes will be amended. The requirement involved in the added value index, which represents delimitation and the added tax of 150 percent in case of its violation will be phased within two years. In 1986 it will amount to only 75 percent.

This set of steps can be scheduled only on the basis of a careful assessment of the prevailing economic and social conditions and may be changed as a result of the experiences acquired in the process.

In the wake of outlining the amended system of income regulations, its reorganizing influence will take shape also in the details. This reorganizing impact will affect both the macroeconomic processes and the situation of the enterprises. Planning within the enterprises, which determines entrepreneurial policy, must be based on the exact knowledge of the decisions and facts.

We are well aware of the fact that our macroeconomic plan, although it accounts with an upsurge in economic activities, will only be able to change, in the near future, the ratios of distribution insofar as it will yield moderate benefits for the standards of living. This requires strict income regulations on macroeconomic level, the preservation of income centralization and even its minor strengthening. Thus the amendments in income regulations cannot provide larger percentages of income for all the enterprises.

Yet beyond this the impact of the change which will have the effect of reorganizing the income of the enterprises might be, first of all, very important. Many new viewpoints will acquire importance in the course of reorganization. Extreme influences will be softened, but the change will certainly favor the lucrative enterprises. In other words, even if the potentials of all enterprises will not improve, those of the lucrative ones certainly do.

Secondly, it is by no means negligible that the efficiency of the entrepreneurial incomes may improve as a result of the flexible possibilities of utilization. Thus the strategy and tactics of enterprise management will acquire a greater role in the shaping of the structure of production and marketing, in the combination of incomes, development, investments and savings, in the forming of the enterprise setup and its relations with other enterprises. With all this the changing impact of not only the income regulations but also that of the entire regulation system will have to be harmonized.

Thirdly, aside from the one time impact of the reorganization, which indeed may at times be unfavorable, the dynamic effect of the new regulations may acquire great importance. It is already perceptible that improvements in the expenditure management, a better utilization of the enterprise assets and a more economic combination of the material resources may have a more favorable influence on the development of the entrepreneurial positions than the earlier income regulations have had. Various restrictions have already been eliminated. This is a good basis for the future development of the lucrative enterprises.

We have to undertake this reorganization--despite its numerous problems--trusting that in most of our enterprises there is the capability, or at least it can be created, for the successful adoption of its requirements.

12312

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HUNGARY

ESTABLISHMENT OF MIXED ENTERPRISES DESCRIBED

Budapest FIGYELO in Hungarian No 7, 14 Feb 85 p 19

[Article: "Foreign Trade News: The Schwarzkopf Cosmetics Ltd. Has Been Set Up"]

[Text] The West German Schwarzkopf Co Ltd, the Hungarian Caola Cosmetics and Household Chemicals Company and the Chemo-Caola Foreign Trade Enterprise have set up a joined enterprise with headquarters in Budapest. The West German company has contributed 51 percent of the 30 million forint invested capital, in part by supplying machinery. Caola participates with 45 percent by providing the building and some money, and the balance of 4 percent is Chemo-Caola's share in the form of financial contribution.

By founding this mixed enterprise Caola has pursued two objectives: the improvement of our domestic supply of cosmetics and import substitution. The company wishes to market the output of an estimated 100 million forints worth domestically in the first place. Part of it will be repurchased by Schwarzkopf Ltd. The foreign trade at this mixed enterprise should be zero balanced, i.e., the value of the purchases by Schwarzkopf should amount to as much as the value of the materials delivered by this West German firm and its purveyors.

For the time being there are two items on the planned list of co-products, i.e., to begin with the production in Hungary of a hair-dye, which has thus far been only imported, and the production of some specific shampoos of medicinal herbal effect (Golf, Kaloderma, Hattric and Dane brands). According to the plans the mixed enterprise will start the production of these items already this year on the basis of Schwarzkopf's license and technology. In terms of the five year partnership contract the range of products will later include also other cosmetics articles. 35 persons are expected to work in the workshop, mainly in manufacturing. The administrative tasks will be undertaken by Caola's employees on the basis of a service contract.

Mineralkontor Investment in Hungary

The Austrian Mineralkontor GmbH [Company of Limited Liabilities] currently pursues talks in Hungary about the establishment of mixed companies. This Viennese company decided to invest money in Hungarian companies which are

working for an increase in Hungarian exports to the Austrian market. Thus it negotiates with the Országos Érc és Ásványbányák [National Metal and Mineral Mines] concerning the exploitation of siliceous earth and zeolite. The idea has also arisen that the production of white oil, which is used in the cosmetics and medical industry, should be increased with the financial participation of Mineralkontor.

Mineralkontor GmbH was founded in 1985 by the Viennese Baustoffimportkontor GmbH and the Mineralimpex foreign trade enterprise. Its basic profile is foreign trade. On a list of enterprises, published by the December issue of the Austrian economic magazine TREND, Mineralkontor took the 44th place on the basis of its yearly turnover. Within one year it dashed forward 39 places, while its volume of operations increased by 85.6 percent. This mixed enterprise has only 25 employees and there it has a good rating on the list of enterprises with large per capita turnover.

The First Year of Berma A.G. Was Successful

The mixed enterprise, called Berma A.G., which was founded in Vienna by Technoimpex, closed its first business year with success. The firm was founded in 1984. Its partner is the Mineralkontor GmbH, which is the Viennese mixed enterprise of Mineralimpex. The Technoimpex has pursued two goals by the establishment of Berma A.G. On the one hand it wants to increase the export of Hungarian products to Austria, and/or to third markets through Austria. On the other hand it has recognized that in the evaluation of partners it is important to know whether the Hungarian enterprise also does purchases, in addition to sales? The Viennese mixed enterprise, which operates entirely on its own account, has sold Hungarian goods of appreciable value on the Austrian market and in third countries already in its first business year. But the import of Hungarian goods, carried out by this company, has also exceeded the expectations. Primarily small machinery and spare parts have been imported to Hungary by Berma A.G. and as a result of concentrated purchases the prices of spare parts could be reduced. Thanks to the mediation of Berma A.G. three new cooperations could be established between Technoimpex and some Austrian firms.

12312

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HUNGARY

FOREIGN EXCHANGE, BALANCE OF PAYMENTS VIEWED

Budapest MAGYARORSZAG in Hungarian No 7, 17 Feb 85 p 24

[Article by Ivan Wiesel: "Our Improving Balance of Payments Position. Purpose: Decreasing Debts. The 'Seven Lean Years' Still Continue"]

[Text] Last year our country's foreign trade balance and foreign currency position showed definite improvement. This is what the 1984 report of the Central Statistical Office concerning our economic development indicates, and this has been voiced at various press conferences at which last year's economic achievements have been assessed.

This accomplishment is the result of a consistent and resolute economic policy, that the Central Committee of the MSZMP had devised in 1978 as a new guideline for the development of our national economy. Let us remember that the essence of this economic policy has been the requirement that our foreign trade balance be restored and therefore the pace of economic growth, domestic spending and the population's consumption ought to be reduced. The reserves of the economy must be mobilized in order to increase exports, while imports should be retrenched. And thriftiness should be adopted as a basic behavior in all areas of life.

Instead of Changing the Rythm

These are difficult years. The "seven lean years" started on the capitalist world market in 1975. In our country the reaction to the changed possibilities and conditions of development lagged behind world market conditions for a few years. Although our predicament has eased somewhat in 1984, as Deputy Premier Jozsef Marjai has often pointed out in his TV interview, the "seven lean years" are not yet over for us.

Our economic policy proved to be correct when under the most difficult conditions, even when the international financial crisis reached its climax, we punctually met our debt service commitments at the price of giant efforts.

The economic results of 1984 seem to indicate that the targets of our national economic plan have been basically attained, and in certain areas they have even been surpassed. The growth of our national income runs around 2.6-3 per cent (we have no definite figure yet in this respect), industrial production

has grown by 3 percent, exceeding the plans, domestic spending no longer decreases and the population's consumption has increased by a modest 1 percent. These data show that the change in our foreign economic balance did not occur in a stagnating economy, but concurrently with certain initial symptoms of economic upsurge.

In the area of our country's financial balance and foreign currency position foreign trade plays a decisive role, it amounts to approximately 85 percent of the income and 70 percent of the outlays in our financial balance. Foreign tourism also appears among the foreign currency yielding sectors of our financial balance. Other items of the financial balance (transportation and insurance, unilateral payments, etc.) are structurally of negative tendency.

Our foreign trade with the convertible currency area produced earnings in 1984 close to 660 million dollars, computed at marginal parity, i.e., more than it did in 1983.

We have obtained these earnings while the barter-trade ratios became unfavorable to us, i.e., we had to export more for importing the same quantity of goods. During the first 10 months of 1984 the prices of Hungarian export products increased by 4.5 percent, while the import prices hiked by 6.7 percent. This is due to the fact that in recent years we have made no progress in modernizing the structure of our exports or in improving its efficiency. On the contrary, our firm determination to expand our exports induced us to tolerate even uneconomic exports.

With the Eyes of a Banker

Another difficult problem is that for years we have been unable to overcome the uneconomic haste at the end of the year in our foreign trade. Foreign Trade Minister Peter Veress noted at his press conference, held on 5 February, that 35 percent of our convertible currency export has been completed in the fourth quarter of last year and 17 percent of it even in December. We have to take also into consideration that certain purchases paid in dollars by the socialist countries played an important role in the formation of our dollar earnings.

The dollar receipts of foreign tourism reached in 1984 the gross amount of 265 million dollars. After the deduction of the dollar expenditures of Hungarian tourists, the net earnings of foreign tourism amounted to 164 million dollars.

The net amount of our foreign debts decreased significantly during recent years. First Vice President of the Hungarian National Bank Janos Fekete said in a TV interview that the net amount of our foreign debts declined by 1 billion dollars during the last 3 years.

When talking about our foreign economic balance and about the improvement in our foreign currency position, little is being said about those banking activities which have also contributed a lot to the fact that our reputation of financial solvency has constantly improved during the last two years.

Matyas Timar, president of the Hungarian National Bank recalled in a press conference, held on 12 February, that our country had joined the International Monetary Fund (IMF) and the World Bank in 1982. We have passed significant credit agreements with these banks. Thus in 1982 we received loans from the IMF for the amount of 440 million dollars and from the World Bank for 200 million dollars. Our adherence to these international financial institutions and the loans and credit guarantees we have obtained were helpful in the fact that we have managed in 1983 and 1984 to reschedule our foreign debts and to convert an important part of the short term loans into so-called consolidated long term credits.

The Investment of the Loans

Our membership in the World Bank is not only helpful in financing domestic investments, but it also allows us to participate in investments financed by this bank. This contributed to the increase in our industrial exports.

The contribution of the Hungarian National Bank to improvements in our balance of payments was not limited to the acquisition of foreign financial sources and to the smooth servicing of our debts. In 1984 this bank has put also its credit policy in the service of the aforementioned goals. Thus the bank placed tentatively 7.4 billion forints in the investment sphere at the disposal of those enterprises which, provided they would guarantee quick recovery, wanted to expand exports or to make imports economically profitable. Unfortunately the enterprises did not really live up to this opportunity, and they failed to expend 1 billion forints from this disponibility. For government projects concerning energy saving, utilisation of waste and secondary raw materials, as well as for the more economic use of materials, the Hungarian National Bank provided credits in the amounts of 3.3 billion, 1.1 billion and 265 million forints respectively during 1984.

An important guarantee of the long term balance of our foreign economic relations would be the gradual reduction of the drawn-out deficit in our trade with the CEMA countries. One of the causes of this deficit is the fact that our barter-trade ratios have also hurt these relations. Although the socialist countries show understanding toward our liabilities we have accumulated with them, these debts ultimately prevent us from taking greater advantage of the international socialist division of labor.

In our ruble-based foreign trade the deficit did not surpass in 1984 the planned amount, said Peter Veress. This was a result of the fact that the development of both our exports and imports exceeded the expectations. Aside from the favorable development of exports, the minister also spoke about the problems, for example that in 1984 our light industry did not meet its contractual obligations and by its delayed deliveries did not abide by our partner countries' needs, as it was set forth in the plans. Similar problems strained also our agricultural export relations.

Lifting Clouds

The international environment of our export efforts is not expected to change this year. The slow upsurge in the business-cycle is likely to continue and

the solvent demand for goods may expand. But we must also take into consideration that the market will be primarily interested in high technology products, and stagnation will continue in the area of low quality commercial goods.

The expansion of solvent demand will primarily occur in the developed capitalist countries in 1985 as well. This economic upsurge may benefit the developing countries only to a very moderate extent. Yet the dark clouds of the giant debts seem to lift, and the financial market situation of the developing countries is not expected to further deteriorate during 1985.

The tension in international politics will hopefully ease, primarily as a result of the resumption of Soviet-American negotiations. Although it would be difficult to assess the perspectives of this development, we witness a certain amount of relaxation in international economic relations. And this may strengthen confidence in the international financial market.

Our 1985 macroeconomic plan and the credit policy guidelines point to the financial balance as a first priority. The outlooks of economic development in 1985 seem to be more encouraging than they had been in the beginning of 1984. In other words, concurrently with the attainment of our goal of foreign financial balance, we might be able to gradually reduce the restrictions. Of course this is only a conjecture, the realisation of which will depend on whether or not we shall be able to improve the efficiency of our national economy.

12312

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HUNGARY

NEW TASKS OF NATIONAL SAVINGS BANK DESCRIBED

Budapest NEPSZABADSAG in Hungarian 20 Feb 85 p 10

[Article by Dr Jenő Sziemay, director general of the National Savings Bank]

[Text] Last year the government made some decisions on further developing the banking system. This is closely related to the program of perfecting economic management and, within its framework, is to be achieved as an organic part of it. The changes occurring in the banking organization also have an effect on the OTP [National Savings Bank]. These changes had been taken into account far in advance and were started early to prepare for the new tasks in order to be able to meet also the type of banking demands which are in many ways new and in part different from the previous ones.

Bank of the General Public and of the Councils

Within the framework of work distribution among the banking establishments, our savings bank was authorized to carry out several tasks. To cite an example, after debates of more than 10 years ago, the authorities decided that, in addition to the financial services rendered to the general public, the OTP should also be in charge of the development and budget accounts of the councils thereby helping with the organization of fiscal management in the councils. By performing this task, our bank becomes the bank of the general public and of the councils.

Taking into consideration the changes in the income and living conditions of the population and the increase in consumer prices, we also made several recommendations for modifying the savings and loan construction, developing them further, introducing new forms and applying the interest policy in a flexible manner. Our goal was to have savings accounts tied down for a long term retain their true value. Thus we developed and further improved--among others--the youth savings account, the savings letter and the housing-savings account forms. In order to improve the level of client services and to promote non-cash transactions, we established and expanded the transfer account construction, a direct transfer of wages and salaries to the bank, and we introduced savings account checks.

We also made several initiatives in the field of loans. We worked out recommendations to improve housing loans and the housing supply. For quite a long

time we have been extending lower interest rate loans to young people to facilitate the founding of families and the start of independent life. Jointly with other establishments, we initiated loans to small agricultural producers primarily to promote integrated production. Furthermore, we are giving loans to individual tradesmen, small businessmen and small entrepreneurs. These have contributed to the gradual expansion of savings bank activities and to the establishment of the current scope of duties of our bank.

However, the bank functions no longer satisfy the demands arising today. The circumstances of our national economy, the anticipated changes in the living conditions of the population, the modernization of economic management as well as the increasing independence of the enterprises and councils must be taken into account. These circumstances necessitate a further advancement of the banking organization and the emergence of a healthy competition among the banking institutions.

In the course of further advancing the work of the bank, the National Savings Bank considers as its basic aim to effectively promote the realization of our economic, population and social policy programs by expanding and modernizing its financial services. By collecting and involving the fiscal resources of the population, councils, enterprises and institutions, it should contribute to furnishing and expanding the monetary sources for these programs. At the same time it is trying to promote the increased effectiveness of enterprise and institutional management.

In Competition With Each Other

In this context, I should like to clarify a misunderstanding. Some people think that--within the framework of banking reform efforts--every bank can act as it wants to. This is a faulty concept. The legal standing and sphere of action of the banks are defined by statutory provisions in every country. In some capitalist countries there are savings banks which can only deal with collecting savings accounts and have no authorization to give loans, and it also happens that certain banks must restrict their activities within a given area. These things, however, do not exclude but rather presume and at the same time make possible the increased independence of the banks within the given framework.

In our country the governmental decisions concerning the further advancement of the banking organization make it possible that several banks deal with the same tasks, for instance savings account collection and loans. In accordance with this regulation, the activity of banking institutions can expand, and their independence and thereby also their responsibility are increased.

In the domestic press one can often read articles and comments on the need for competition among the banking institutions. I approve of competition. In my opinion, a competitive business policy based on a broad selection of services is also an indispensable prerequisite of the advancement of savings institutions activity. In our country it is natural that the competition between the individual banking institutions is not taking place according to free market rules. The competition does not generally mean free conditions even in the

case of capitalist banks. The interest rates and the upper limits of the loans are always determined by regulations on the part of the central bank president and the minister of finance. Based on identical principles, the fiscal policy of banking institutions, their practical activities or rather their "monetary behavior" of identical content are often influenced by factual guidelines of behavior recommended by the central bank, by the mutual agreements between the central bank and the banking institutions or the individual banking institutions.

In the competition among banking institutions the economic devices of monetary policy must be made effective and the services of the individual banking institutions, the choices offered and their refinement must be advanced, in other words, the goal of the competition is to gain and retain the trust of the clients.

Thus, the competition is waged, on the one hand, between banking institutions and other investment possibilities, on the other hand, over the winning of clients and, ultimately, for securing free funding devices which provide the basis of monetary resources.

The Direction of Advancement

Our patrons and coworkers frequently ask about the direction in which the activities of the savings bank are developing. It is a timely subject, it is worthwhile and necessary to also discuss it here. In a joint effort with several of our coworkers, we completed our developmental plan for OTP. In the fall of 1984, it was discussed with the central and network leadership and secretaries of the party organization and trade union committees. Right now, the megye directorates and workers in the district branches are getting acquainted with the ideas and goals contained in the study in order to express their opinion of the material and offer suggestions.

In our view the National Savings Bank should be further developed in such a manner that--in addition to the population and the councils--it should also become the bank of the managing organizations and small entrepreneurs. In our opinion the future activities of the savings bank could be decreased in certain branches and increased in others. Our share in the field of savings accumulation is expected to decrease. One of the reasons is that other banks can also receive authorization for collecting savings deposits. We can also expect that in the future an increasing number of cooperatives and enterprises will use the money of members, workers and the population for developmental or other purposes in the form of stocks, targeted shares, bonds and other securities. The councils are also asking the population for greater financial help toward developing the infrastructure, toward social type investments to insure basic services. As a result, there can also be a general slowdown in the accumulation of savings accounts in addition to a possible decrease in the share of the savings bank in these accounts. We are considering how we should promote an increase in the savings deposits by the population, we are analyzing the effects of factors influencing account savings and we are continually monitoring the attraction of the individual forms of accounts. In appropriate cases, we are initiating the introduction of more favorable conditions for them.

Increasing Tasks

In addition, we are also planning to introduce new forms of accounts. We are already considering the construction of a retirement savings account supplemented by a life insurance and tied to annuity payments. This construction will enable those approaching retirement to protect the value of their investment and increase the social security of their families in addition to providing a supplemental income after retirement.

Another field where the OTP activities are being modified is housing loans and housing construction. Beginning this year the savings institution can already give long-term loans and other banking institutions can also get authorization to provide housing loans. It is probable that more organizations than before will also be participating in housing construction. As far as we are concerned, we try to give the councils the most effective help possible for housing construction and management. We shall continue working with them in establishing larger housing settlements and in building apartments. In order to better satisfy the housing demands, we are undertaking the construction of smaller housing settlements, row houses and small condominiums either jointly with construction organizations or independently.

Which are the areas where we could have several tasks and the activities of our bank could be expanded? We are counting on progress primarily in industry, agriculture and commerce. In this context we are thinking of establishing a closer cooperation with the managing organizations--decisively with the small enterprises. We shall give them loans, join in their activities by means of capital sharing, and we shall expedite factoring and leasing transactions. To take care of these tasks, we had set up our enterprise office which will be organized into a subsidiary company this year. It has the advantage of having its work closely associated with our national network: our megye directorates, district and local branches can give useful support in assessing local demands, exploring the enterprise possibilities and preparing and carrying out the transactions. We also wish to participate in the development and founding of council enterprises by means of financing and capital sharing.

We can also expand our participation in tourism. The OTP-Penta Tours, a Hungarian-Austrian travel bureau, was started in 1984. Its initial achievements are encouraging. Our goal is to offer the arriving foreign visitors as many sightseeing opportunities as possible. In addition to Budapest, the Balaton and a few other foreign tourist centers and regions, programs to foreign visitors are also offered in Szilvasvarad, Hajos village in Bacs megye, at the State Farm in Balatonnagyberek and in the hunting lodges of Somogy megye. As far as our own population is concerned, we try to organize trips for them mostly according to their means. We also want to join in with the sale of airplane tickets.

We also foresee some possibilities of increasing our foreign currency. We are searching for ways to increase our foreign exchange income, trying to provide a more refined currency service and expanding the activities of IKKA [Foreign Trade Enterprise]. We hope to achieve the goal that part of the foreign currency accounts handled by us could be utilized in various areas of the economy within our own banking activities.

We are expanding and putting on new foundations our real estate agency branch according to our plans, are establishing a real estate bank. Its activities will extend to the entire country; it will buy, sell and act as an agent in apartment and house lot transactions. We plan to get involved in the organized issuance of bonds within a year. We want to provide a counseling service to satisfy the increasing demands for a safe and profitable investment of free capital.

Subsidiary Enterprises

We are living at a time of considerable changes. We know that we must prepare even more carefully and prudently for the new demands of the future. In every way we are trying to provide the personnel, organizational and objective conditions for our progress. In this context, in the interest of increasing the effectiveness of the banking activities, we hope to establish subsidiary enterprises. Better progress is also needed in technical development. I have in mind the expansion of modern electronic data processing and direct data transfer. The development of banking techniques in such a direction also contributes to the provision of more refined financial services and to a more rapid and smoother handling of customer transactions.

The demands of future banking organization progress also call to action the banking institutions, us included. We try to gauge well and define precisely the new demands arising in the course of economic and social progress as well as our tasks. Consequently, in the future we shall continue to carry out those financial tasks associated with state social policy which have been allocated to the savings bank by the government on the one hand and on the other hand we shall also engage in a broad range of commercial banking activities.

2473

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HUNGARY

CONTENTS OF LONG-RANGE PLAN REVIEWED

Budapest FIGYELO in Hungarian No 7, 14 Feb 85 p 5

/Interview with Janos Illes by Ivan Wiesel: "Long-Range Planning; Forecast to the Year 2000"/

/Text/ A long-range plan incorporating a period extending to the year 2000 has been prepared after work lasting a number of years (1979-1984). A number of scientific institutes, functional and branch guidance organizations, enterprises and institutions and representatives of social organizations participated in the preparation of it. The analyses, forecasts and one of the conceptions prepared within this framework are the results of collective professional work and social debate. A worker from our paper talked with Janos Illes, chief of the main department for long-range development about the "shop secrets" of long-range planning at the National Plan Office.

/Question/ What are the conditions for setting the national economy on a new developmental course?

/Answer/ In the more than 15 years ahead the conditions for the development of the national economy will differ significantly from earlier ones and developmental strategy in the future must be adjusted to these conditions. In the period extending to the year 2000 we must take into account a decrease in the size of the population even if this process is halted by various population policy measures. The adult population capable of working will decrease until the end of the 1980's and then will increase again and by the turn of the century will be at a level essentially coinciding with the present level. The social work time base--considering a further, moderate reduction in the length of the legal work time--will be significantly smaller in 2000 than it was in 1980. A substantial increase in the productivity of labor is one of the basic conditions for switching to the new developmental course. Without this the economic progress and the raising of the standard of living cannot be realized.

But the scanty resource is not primarily manpower; in the period up to 2000 the accumulation possibilities of social capital will also be smaller than we got used to the 1960's and 1970's. International comparisons show that in our country producing each unit of national income increment requires a disproportionately high assets expenditure. Some of the developed industrial countries are capable of technological renewal with a relatively low accumulation rate--even in critical periods. These experiences and the wasteful use which can be observed in investments permit the conclusion that the renewal tasks can and must be solved with more efficient use of social capital and smaller net accumulation.

/Question/ But these countries have fixed assets of a size and composition with which the cost of technical installation per unit of national income increment may be lower than in less developed countries where the return on stock and operating fixed assets does not provide a cover for this....

/Answer/ First of all I would like to dispel a possible misunderstanding. When I talk about the low net accumulation possibilities I am not thinking of preserving the present forced, limiting state of affairs. The present accumulation ratio would not be sufficient for the desired renewal or for achieving the desired rate of growth. It would not be simply because of the disproportionate earlier development--for example, the backwardness of the infrastructure or the undeveloped nature of the background industry---will pose a relatively high accumulation requirement for several years. But with the changes in the amortization system and by using thrifty, fast execution methods the gross investment possibilities will offer the enterprises suitable development solutions, even at a lower net accumulation level. Having fewer developmental resources than before will force a strengthening of selectivity in replacement and development. More efficient, internationally competitive economic activities will enjoy priority.

/Question/ Given a lower net accumulation ratio, do you see a possibility that the process of our increasing technical backwardness compared to developed industrial states can be stopped and that our competitive positions will improve?

/Answer/ We cannot count on catching up in a spectacular way, by a leap, in this period. The minimal requirement--and our available possibilities provide a basis for this--is that our technical and efficiency level compared to the developed industrial countries should not deteriorate further and that we should approach the international level gradually and in a differentiated way, where catching up is possible it should be achievable. I must repeatedly emphasize that the development must be selective, we must employ flexibly the "following" and "break through" strategies in technical and production development, and we must liquidate

obsolete, uneconomical activities. Our goal is to create a social and economic environment which will lay the foundations for a higher work culture and encouraging innovative behavior, and higher productivity in every area of the national economy.

/Question/ Our participation in the international division of labor and efficiency are also important conditions for our economic growth. What tasks do we have in this area?

/Answer/ Forecasting the development of international economic conditions is a very delicate task. We start from the presumption that in the period extending to 2000 we cannot count on the return of the epoch of cheap raw materials, fuels and credit which was experienced in the 1960's and the beginning of the 1970's. We must accept the fact that the volume of import--even taking into consideration the possibilities of CEMA economic cooperation--cannot expand to a significant degree, which also means that the imagined growth must be coupled with a vigorous reduction in specific import material use. The government programs for energy and material conservation and use of waste materials, the results of which thus far are reassuring, started from this recognition.

If we cannot gradually transform the production structure in the spirit of material and energy conservation, if we cannot maintain stringently conservative management, then there is no hope of achieving our goals.

This also means that we must develop activities in the processing industry the products and services of which will be competitive on the markets of the developed capitalist countries, which will create lasting, secure demand on the markets of the CEMA countries, holding out the prospect for further market expansion in the developing countries. We cannot count on having development take place with a deterioration in the external economic balance, indeed, its further improvement and stabilization remains a first priority task. We have already exhausted the reserves which can be mobilized quickly and so there is a need for new developmental ideas.

And even amidst all these circumstances we must preserve the indispensable social policy and economic balance-stabilizing function of the foodstuffs economy, increasing its efficiency and economy.

/Question/ How has the philosophy of long-range planning changed?

/Answer/ When we started the long-range planning work extending to the year 2000, we put questions to the interested scientific, professional, enterprise and social organizations regarding the character of planning work. Among other things the questions were directed at finding out what sort of function we should attribute

to long-range planning work, what its social policy and economic policy content and tasks should be, etc. It appeared from the answers that those questioned expected from long-range planning primarily a designation of the strategic tasks, and not a summation of detailed quantitative prescriptions in rigid tables. They wanted long-range planning to deal with the chief social policy and economic policy tasks, in harmony with the internal and external conditions, encouraging realistic development and not illusions. For this reason, and on the basis of earlier experiences, the long-range planning extending to 2000 is more open than ever before to the reception of new information recognized in the course of the planning process. It is also more open in that it is not satisfied with outlining a picture of the "stable future" but rather tries to outline alternative possibilities for the course of realization as well. While the long-range planning involves a number of possible versions it also designates certain basic nodes, requirements or priorities which are indispensable in every version, such as priority for the development of a few basic elements of the infrastructure, improving efficiency, quality and the entire economic work culture and modernizing economic guidance.

It is an important aspect of long-range planning that it is better linked to or integrated with plans with different time ranges, with "finding the range" of the key tasks. I must emphasize that this can pertain only to the key tasks, and we must be careful that the long-range planning does not "box in" the medium-range planning work in details.

One of the new fundamental aspects of long-range planning work is the broadening of the social, scientific background for planning, ensuring conditions for more effective social control.

It follows from this characteristic that it maintains the various alternatives and cannot commit itself to one of the versions. So we have in our hands a number of "scenarios" which give economic policy an opportunity to adjust on the large scale to various combinations of the industrial economic conditions which can be predicted, an opportunity for more flexible accommodation than before. Planners today have a very great responsibility to base economic and social policy goals on realistic external and internal conditions which have a "high probability" of occurring.

/Question/ What sort of alternatives were you thinking of in the course of planning?

/Answer/ We were thinking in terms of four versions which differ in regard to external and internal conditions when we developed the guide figures pertaining to the average rate of growth. The minimum annual average in the more than 15 years ahead is 2 percent--with a

different rhythm in different periods, in a more favorable case we presume a growth of 3.5 percent per year. Consumption by the population in this period should not exceed the increase in national income and, naturally, it can increase as a function of economic performance. Taking this into consideration, we can count on an increase in per capita consumption by the population which is faster and more tangible than at present and which will bring an improvement in the quality of life.

The net accumulation rate up to the year 2000 cannot reach the highest value of the 1970's. The gross accumulation rate, as I mentioned, may be substantially higher than this. The accumulation ratios may also develop as a function of economic performance. This means that the link between an improvement in the efficiency of production and the developmental possibilities must be closer in the future than it ever was before.

/Question/ How do you judge the future of the Hungarian economy?

/Answer/ I try to be realistic; and I do not deny that a good number of our present problems would remain unsolved if we can achieve an annual average rate of growth of only 2 percent due to an unfavorable development in international economic conditions. An annual average rate of growth around 3.5 percent, with more favorable international conditions, would make possible not only a stabilization of our economy but also a certain degree of technical and technological renewal. And we would be able to realize on both the domestic and international commodity markets the advantages of a more modern production structure. On the basis of the higher standard of living developing in the wake of this and on the basis of a socially more just distribution and social policy we might be able to better harmonize the social expectations and the economic possibilities. I do not want to get into the role of social factors, but on the basis of the experiences of past decades we can also realistically face the fact that the self-awareness of our society and its awareness of the position we occupy in the world will increase significantly. Thus the social, human awareness factors may play an ever greater role in an active identification with our socialist society--an identification creating both economic and cultural values.

8984
CSO: 2500/262

ROMANIA

IMPORTANCE OF AUTOMOBILE INDUSTRY CITED

Bucharest ERA SOCIALISTA in Romanian No 2, 25 Jan 85 pp 46-48

[Article by Eng Iancu Purcaroiu, technical director of the Brasov Truck Enterprise: "The Motor-Vehicle Industry in the Strategy for Developing the Romanian Economy"]

[Text] The anniversary, last year, of four decades since the antifascist and anti-imperialist social and national revolution on 23 August 1944 occasioned the evocation of the great successes obtained by our people in the economic and social development of the country, especially after the ninth party congress, a period of progress without precedent in the whole history of the homeland. These remarkable successes are organically connected with the decisive role of the secretary general of the party, Comrade Nicolae Ceausescu, in devising and implementing the domestic and foreign policy of the party and state and with his inestimable contribution to substantiating and implementing a scientific strategy of industrialization and of orientation of the process of multilateral development of the country with a view to meeting the needs of our socialist society as well as possible and closing the gaps that still separate Romania from the countries with strong industrial development.

After scores of years of a capitalist economy, Romania inherited a poorly developed industry, with the great majority of the machine-building products, including motor vehicles as well, being procured through extremely costly importation in relation to the possibilities of an economy strongly affected both during and after World War II. Under these conditions, the laying of the foundations for a motor-vehicle industry of our own placed great demands on our young machine-building industry and the other branches participating in the manufacture of highly complex products such as motor vehicles.

The first steps were taken right after the Plenum of the RCP Central Committee on 19-20 August 1953, which adopted the decision to specialize the big Brasov "Steagul Rosu" plant in truck production. The production of the SR 101 trucks, a model that corresponded to the manufacturing possibilities as well as to the operational requirements in that period, began in 1954. Although the SR 101 truck had performances below the level of similar motor vehicles made in developed countries, it met the immediate needs of the economy, which was supplied with nearly 54,000 such motor vehicles. At the same time, too, the achievement of the first specialized Romanian motor vehicles took place,

among which dump trucks, tank trucks and buses can be mentioned, and some components of it were used to make the first Romanian trolley buses.

However, the requirements for continually developing the national economy also placed before the Brasov truckmakers the problem of undertaking the manufacture of new types of products with high quality, with a degree of diversification, attainable under large-scale technological conditions. So it is that the manufacture of the second generation of trucks, of Romanian design this time--that is, the Carpati with 3 tons of payload and the Bucegi with 5 tons--began in 1962.

With good reason, however, the year 1965, when, after the ninth party congress, wide prospects opened up toward a future that no one would have dared to predict, a year that marked the start of a new era, which we proudly call the Ceausescu Era, must be considered a reference year in the construction of Romanian transport motor vehicles. The promptings, the orientations and the tasks mapped out by the secretary general of the party for providing vehicles with higher technical and economic performances, in accordance with the more and more exacting requirements of the work of constructing socialism in our country, were materialized by the Brasov truckmakers through the start of the manufacture of the third generation of transport motor vehicles in 1971, equipped with diesel engines this time. Over the years, the production of them underwent strong development, from the viewpoint of both diversification and quantity, so that in 1981, after the achievement of about 345,000 vehicles that use gasoline (the Carpati and the Bucegi), the production of trucks equipped exclusively with diesel engines was undertaken for reasons of a technical and economic nature.

In August 1984, the Brasov truckmakers, together with their collaborators, marked festively a moment of major significance in the chronicle of the Romanian industry of transport motor vehicles: the passage of three decades since the production of the first Romanian trucks--three decades in which over 620,000 trucks, dump trucks, and tractors were made.

These three decades represent a huge forward step by Romanian industry, which, through their balance sheet, puts Romania among the main countries building motor vehicles in the world and confirms the correctness of the economic policy of the party and the conception of its secretary general, Comrade Nicolae Ceausescu, regarding the development of industry, and especially its peak branches.

With one of the highest world rates of development, the economy of our country constantly required the providing of transport vehicles of the most diverse types, meant for practically all sectors of activity, with high technical performances, with high reliability indices, achieved under advantageous economic conditions, a fact that led implicitly to continual development of the industry of transport motor vehicles. But, in order to respond to these major desires, it was necessary to utilize a suitable strategy, which included actions on the plane of the manufacturing technologies, on that of the providing of equipment corresponding to the constructive conception of the vehicles, on

that of the training of the personnel, on that of the economization and recovery of energy, on that of the rational utilization of materials, and so on.

Starting from the principle of "diversification through unification," continual action was taken regarding the constructive conception of the vehicles. Possessing three families of engines, axles and cabs and five families of gearboxes, as basic families, our industry is now in a position to be able to achieve a wide assortment of products, capable of meeting any requirement, for vehicles in the range of 5-19 tons of payload.

The same principle, applied consistently in the field of manufacturing technologies as well, both for the design of the technological processes proper and for the design and physical achievement of tools, devices and gauges (SDV's) and mechanization, has led, at the Brasov Truck Enterprise, to the achievement, approval and industrial utilization, in good order, of over 180,000 technological operations and over 200,000 types of SDV's needed for the 40,000 different components under manufacture in the hot sectors, the sectors for processing by cutting and the assembly sectors.

As far back as in the manufacture of the first trucks, the necessity of attaining in large-scale production--under advantageous economic conditions, that is, high productivity, precision, qualitative stability, and low consumptions of energy, materials and tools--the components and assemblies that are involved in making the vehicles required the achievement of the specialized machine tools, the sets of machines, the transfer lines, mechanization and conveyors through an individual effort at conceptional and physical self-equipping. Thus far, the Brasov Truck Enterprise has achieved over 1,000 sets of machines, 1,800 various pieces of technological equipment and cases of mechanization, 14 automatic lines and 126 technological lines, both for its own needs and for various enterprises in the country, which has led to valuta savings of over 1 million lei, providing, at the same time, over one-third of the equipment of this enterprise.

The utilization of modern technological processes, backed by suitable organizational measures--such as, for example, cold and hot extrusion, the rolling of flanges, semiautomatic welding in a CO₂ medium, cutting in processing centers, containerization and palletization, active control on machine tools and multidimensional control, the checking of subassemblies on stands, and the organization of continuous-line manufacture--has caused labor productivity to rise 10.5-fold since 1954, while production has risen 26.2-fold.

For a more vivid illustration of these figures, we specify that if the work in 1984 would have been done with the same productivity as that 30 years ago, the number of personnel would have had to be 11.4 times greater than the existing number in order to achieve the commodity output planned for the Brasov Truck Enterprise.

There are particular concerns for using materials, particularly metal, as completely and effectively as possible. As a result of the steps taken, the average metal-utilization coefficient rose to 0.85 in 1984, with the value of the output obtained from a ton of metal rising to 52,000 lei. Utilizing with

a sense of thrift the scrap resulting from the operations of stamping and pressing the body panels, 175 different components have come to be made from sheet metal, which leads to over 800 tons of metal saved per year.

The high technical and organizational potential has also created the conditions for assimilating new products through the application of the measures for constructive improvement in the products in a period far shorter than that 20 years ago. The possibility of always being in step with the requirements of foreign or domestic customers has thus been created. For instance, two decades ago, about 3-4 years were necessary for putting a new product into manufacture, but now this is done in 1-2 years, and for constructive improvements in products under serial production, in 3-6 months, as compared to approximately 9-12 months two decades ago.

As a natural consequence both of the potential for creativity and production that it has and of the economic development of the country on the whole, the staff of the enterprise is continually concerned with improving the products under manufacture, as well as with creating new types of products. Thus, the production of the vehicles in the fourth generation, equipped with engines from a new family, the V-8 of 320-360 horsepower, axles with a carrying capacity of 13 tons, cabs with a new design, with greater comfort, a completely redesigned braking apparatus and so on, was undertaken at the start of 1984.

There are particular concerns for reducing the consumption of fuel, utilizing unconventional fuel (methanol, biogas and so on), raising the tare coefficient of the motor vehicles, increasing the reliability, raising the carrying capacity, increasing the availability coefficient and so on. The expansion of the use of electronic components both for running the vehicles and for continually knowing the operational values is being pursued.

However, no matter how high-performing a product may be, it cannot be competitive either economically or technically if it is not achieved by means of a suitable technology. For this reason, even further action is being taken regarding the supplying of machine tools, sets of machines and automatic lines, the tending of more than one piece of equipment at a time, the robotization of the resistance welding of bodies, active control and simultaneous multidimensional control, automatic and semiautomatic control of presses and machine tools, palletization, containerization, the use of test stands both in the acceptance of materials and in the sections, for assembly, before the final assembly, and so on. The utilization of computer technology in the work of technological and product design is in the process of being expanded; new laboratories with simulative test stands for the new components that are to go into serial production are being set up; the use of climatic chambers, for the purpose of adapting the products for operation in any kind of climate, is being expanded; and so on.

Starting in 1956, in addition to meeting the needs of the national economy, the premises required for beginning the exportation of Romanian motor vehicles were created. Through the wide range of the list of export products--achieved both from our own ideas and on the basis of licenses or actions of cooperation in production with firms in the FRG, France, Bulgaria, Hungary, the GDR and

Poland---we are responding more and more and better and better to the requirements of the world market for motor vehicles.

Besides exporting finished products, the enterprise also builds assembly lines. Particular importance is accorded to the exportation of automotive components, with the volume of sales rising considerably from one year to another. The enterprise participates in all the international fairs and exhibitions organized in the socialist countries and, as well, in the most important events of this kind in Nairobi, Cairo, Hannover, Baghdad, Karachi, Salonika and other places.

For all exported products, the enterprise provides technical assistance through Romanian service personnel as well as spare parts through specially organized warehouses in the partner's area, both during the guarantee period and in the postguarantee period. In addition, in order for the specialists of the partner to know how to operate and maintain the products, schooling courses are held either in the teaching laboratories at the enterprise or directly in the country of the buyer, with films and filmstrips, diagrams, sectioned machines, special service tools and so on being used for this purpose.

The quality and performances of Romanian automotive products have been recognized on an international level though a number of gold medals won at prestigious international fairs, such as in Zagreb in the Socialist Federal Republic of Yugoslavia, Plovdiv in the People's Republic of Bulgaria, and Leipzig in the GDR. In addition, the motor vehicles or diesel engines have been approved by internationally recognized institutes in France, the GDR, Great Britain and so on.

Despite the extremely complex conditions existing on the world market for transport motor vehicles, the prospects of the expansion of exportation are good. These prospects are growing, now that the fourth generation of motor vehicles, fully competitive with other similar products abroad, is lining up at the start.

12105

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PRODUCTION OF METALS FOR TOP INDUSTRIES DISCUSSED

Bucharest METALURGIA in Romanian No 11, Nov 84 pp 565-567

[Article by Dr Ion Dragan, director general of the Central Institute of Metallurgical Research: "Metallic Materials for the Top Industries"]

[Text] The current session of scientific reporting from the metallurgical researchers and the development, technological design and higher education workers is carrying out a review of the activities that have taken place, attempting to stake out, at the same time, the directions in which they will have to continue to work for the diversification of production, the increase of technical performance and the reduction of the specific rates of consumption of material and energy. Today, after several years of feverish activity, international metallurgy continues to be troubled by especially serious problems in keeping its main installations in production and in maintaining technological operations under conditions where the "steel market" is still experiencing certain restrictions and limitations. The forecasts for 1984 and beyond, far from being optimistic, are at most "reserved" and, precisely for that reason, technological research and development in metallurgy is called upon more than any other time to find and establish solutions, primarily for the complex use of our own raw materials base, the growth of productivity, the growth of quality, the diversification of the guarantees which the steel producer can give to the consumer, and, in these ways, the acquisition of competitiveness in sales and establishment of certain long-term contracts.

The overall situation of international metallurgy and its energy and raw materials base has clearly also been felt by our metallurgical industry, but, as a result of the measures taken by the leadership of our party and state, the metallurgical industry has continued to experience development. And, by virtue of the investment program currently being carried out, in addition to the construction of new projects, we are seeing important modernizations of certain existing operations. Within this context of tasks and concerns, research, technological design and metallurgical higher education were brought together and involved to a greater degree since the complexity and diversity of the problems that must be resolved have increased greatly.

In the area of coke production, scientific research activities have consistently pursued the establishment of solutions so as to use poor-quality coking coal and non-coking coal. Concomitantly with establishing the charge composition

containing these types of coals for the high-capacity batteries at the coking coal plants at the Calarasi and Galati steel combines, research was involved in the introduction of certain modern methods for characterizing coal and coke for the purpose of obtaining scientific substantiation for the technological solutions being used and, especially, for the future achievement of new technologies.

There has been work and there will continue to be work in the area of substantiating technologies in field of coking by way of:

- petrographic analysis and determining the average reflectance of the vitrain, with applications for the scientific construction of coking networks and for possibilities for anticipating coke quality;
- microscopic analysis of coke (pore dimensions and wall thickness), with applications for coke behavior in the furnace and for possibilities for correlating this with furnace use indicators (specific consumption and productivity);
- plastic phase studies, as a determining factor in the formation of coke structures, with possibilities for establishing the optimum thermal interval of the heating gradient or of certain finishing additives.

The technological solutions for certain top technologies - such as, preheating of the charge, loading mixed charges, using coke briquettes in inclined furnaces - are continuing under our researchers for the introduction of facilitating hard pitch in the coking charge and for the establishment of technologies for the compression of the preheated charge by way of oiling. Although it can be estimated that the level of dealing with the problem is at the level of efforts in those countries having a tradition in the field of the coke-chemical industry, nonetheless the rate of application and use of research results are not at a satisfactory stage.

In the production of metallurgical electrodes, scientific research was always present, being concerned with increasing the qualitative level of production. It is felt that as a result of the achievements of the experimental acicular coke programs being conducted at the same level as the continuing improvement of technologies, this will constitute efficient links for the qualitative leap in production.

Under conditions where we do not have a sufficient domestic base of iron ore, metallurgical research, together with the research within the framework of the Ministry of Mines, has initiated a series of measures with regards to the preparation and agglomeration of certain poor-quality domestic iron and manganese ores, such as those at Moneasa from which we have obtained a concentrate of 32-33 percent iron and 12 percent manganese. Similarly, research was started on the ore from Ulmi Drancani, from which a 26 percent concentrate was obtained, as well as on horblendite from Ditrau which yielded a 68 percent concentrate of iron. In addition to these, a solution was completed for using converter residue in the production of pig iron.

Although the world reserves of known manganese ore are sufficient for metallurgical activities for the coming period, with manganese being one of the basic elements in production pig iron and steels, there has been an intensification of research regarding the establishment of certain efficient technologies for the complex use and recovery of this ore. There are efforts and solutions to economize this ore in the production of pig iron, as well as steel. The work is complex and can have significant implications for certain existing technologies and practices. This has made it necessary under our conditions for this work to be carried out right from the beginning in close cooperation with the production units and higher education.

Paralleling the development of convertor production and the reduction in the amount of Martin steel, we can note as a concern of many metallurgists the increase in the amount of old iron used in the convertor charge, with a series of specific technologies and equipment now being produced on the basis of this approach. In addition to the classic solutions for preheating old iron, for post-combustion within the convertor or for the "electric" superheating of pig iron, those solutions referring to the blowing in of coal appear to be especially interesting. With regards to these problems, work is being done on the basis of a program of close cooperation together with the Galati Steel Combine and IPROMET.

In the area of steel production, the fact must be stressed that during the period that has just passed, as a result of the total effort of the specialists in research-production-design, it was possible to implement in industry modern procedures for the production of stainless steel having a low carbon content by way of the technique of using a combined oxygen-argon injection at the Galati Steel Combine and using the vacuum technique at the Hunedoara Steel Combine. The results obtained both as a result of the establishment of metallurgical processes and the quality of the product, and as a result of the technical-economic indicators that were attained attest to the efficiency of the procedures, with the Romanian metallurgical industry thus becoming one of the potential producers of stainless steels having high levels of performance for the chemical industry, the petrochemical industry and so forth. This has also had significant implications upon the structure and domestic consumption of ferrochrome, with the percentage of ferrochrome superblended with carbon going from a maximum of .06 percent to .03 percent, falling as a percentage in domestic consumption. The growth of the percentage of recycled secondary materials in the production of stainless steel continues to raise important questions referring to the maximum content attainable for impurities, with phosphorus having a priority place.

By way of specific techniques to modify the form of sulfide inclusions, we have been successful in implementing certain technologies for obtaining metallurgical products, with guarantees with regards to their behaviors concerning lamellar breaks.

The strength of steel at normal and low temperatures is of interest both to steel producers and to steel users. For steel products having high resistance, adequate technologies were established which ensure values comparable to those

obtained by those companies that are specialized and have a tradition in this field. In this direction, we are developing research projects in cooperation with higher education within the Bucharest Polytechnical Institute and specialists in design.

In addition to this, we have in mind the development of certain projects in broader fields, with regards to the behavior of steel in diverse working environments. In this direction, we will also have research projects regarding behaviors during welding, working together with the specialists at the Welding Institute in Timisoara.

Within the framework of actions to diversify metallurgical production, special results were obtained in existing production operations in obtaining very thin steel from chromium-vanadium tool-type steels, very thin steel from highly-alloyed chromium steel or even high-speed steel, certain types of resistant strip steel made from steels alloyed with chromium and aluminum and steels made from alloys based on Invar-type nickel and Permalloy. These projects were possible due to the effective assistance received from the specialists at the Hunedoara Steel Combine, the Resita Steel Combine, the Red Steel Enterprise and ILT [expansion unknown] in Galati, all units with a tradition in metallurgical production in Romania.

As a result of the close cooperation with the Cimpia Turzii Metallurgical Combine, it was possible to rapidly start production of high-precision wire made from special alloys, which until recently were a "house" secret of certain special producers in the West. Similarly, good results were obtained in cooperation with the Tirgoviste Special Steels Combine in the production of certain steels for high-strength screws and steels for valves.

Interesting metallurgical aspects are raising the production of strip steel made from electrotechnical steels in general and those from transformer steels in particular. Together with the specialists from the Galati Steel Combine and the Tirgoviste Special Steels Combine, research and design work has gone through several important stages, with the results that were obtained attesting to the fact that the technological line that has adopted was correct, with only the rate of achieving the established programs and measures having to be intensified.

There are special tasks within the framework of carrying out the programs for supplying the electrical power plant construction sites with domestic materials. Within the framework of this program, metallurgical research together with the specialists in the metallurgical combines and plants have to resolve a multitude of technological aspects which require the existence of a permanent cooperation between producers and users. The movement of this program - like those programs in aeronautics, electrotechny, and electronics or other special programs having a special use - through the National Council for Science and Technology will ensure the framework for resolving these tasks.

Research in the field of refractory products has obtained a series of good results, expressed in obtaining dolomitic and magnesio-dolomitic substances used in keeping convertors at temperature and magnesium spinels for loading

induction furnaces and as a raw material for special spinel products that are used to remove gases from steel in vacuums, and others. We finished the technology for obtaining exothermal random substances for alloyed steels and highly-alloyed steels.

During the coming stage, we will have to work to establish the production of magnesium refractory products of general use and those slated for use in high-capacity electric furnaces, as well as those slated for use in pot metallurgy and for implementing production of synthetic fire clays having 40-60 percent aluminum oxide. We will have to intensify and rapidly use those technologies established for producing tabular alumina, sinter-corundum, insulating plates having a density under $.9 \text{ kg/dm}^3$, thermo-insulating powders and salves having high operational efficiency.

In the above, we have tried to present merely some of the areas where metallurgical research and technological design and high education have worked, as well as some of the tasks in the next stage. Working with self-sacrifice, care and a continuing receptiveness to the possibilities that are created by technical progress and showing courage and initiative in applying new things, we will succeed in ensuring the continuing growth of the qualitative level of production and raising the profitability of Romanian metallurgy, basic tasks outlined by the leadership of the party and state.

8724

CSO: 2700/65

STRATEGY FOR INTENSIVE DEVELOPMENT OF ECONOMY

Bucharest ERA SOCIALISTA in Romanian No 2, 25 Jan 85 pp 13-15, 45

[Article by Prof Dr Gheorghe Cretoiu]

[Text] The Romanian economy is currently experiencing a broad process of development and transformations that, on the one hand, follow the consistent line of carrying out the program for forging the multilaterally developed socialist society and, on the other hand, mark the transition from one type of socialist reproduction to another, higher both in its complexity and proportions and in the relationships that are established between the branches of the national economy and between the factors of economic growth. Characterizing the essence of this process, at the Plenum of the National Council of Working People in December 1984, Comrade Nicolae Ceausescu pointed out: "We have finished, roughly speaking, an important stage up to now, that of extensive development of our industry, and we are entering--or are already in--a new stage, that of intensive development of the whole national economy."

In the work of the secretary general of our party, the thesis of the transition from the extensive to the intensive occupies a special place, with its theoretical substantiation starting from the scientific, multilateral investigation of the requirements and possibilities of the Romanian economy in the current stage of development, from the trends and traits of economic growth under the conditions of raising our homeland to higher levels of development, and from the general dialectics of the factors of economic growth. Formulating this major objective, which defines the principal characteristic of the development of the Romanian economy in the current stage, Comrade Nicolae Ceausescu has imparted to all economic and social activity a modern orientation, capable of leading to the attainment, as soon as possible, of the great objectives that our party and people have both set.

An Objective Law of Socialist Construction in the Current Stage

The conception of the secretary general of our party regarding the transition from extensive development to intensive development has at its center the basic idea that such a change has an objective character, it constituting a law of the current stage of construction of the socialist society. It necessarily fits into our party's consistent concern for fully utilizing the

production potential accumulated in the years of socialist construction--especially in the last two decades--and accentuating the aspects of a qualitative nature in economic activity. "I consider it necessary," the secretary general of the party noted back at the RCP National Conference in December 1977, "for us to go from the phase of quantitative accumulation to a new, higher phase, that of the fight for quality. The time has come for us to transform quantity into a new quality. This is the primary requirement on which the future of Romanian industry, the future of the whole national economy, depends."

Such an accentuation of the qualitative aspects cannot be achieved without changing the principal correlations that express the relationship between the final results of economic activity (commodity output, net output, national income and so on) and the consumption of economic resources (live labor, natural resources, raw materials and energy, means of labor) and without substantially raising the technical and qualitative level of the products.

The socially necessary character of such a transformation is given, first and foremost, by the essence of the changes that are entailed by the transition to a new stage of economic growth in the process of forging the multilaterally developed socialist society. Romania's transition to the stage of a socialist country with average development, the consolidation of this position and the transformation into a multilaterally developed socialist country--objectives formulated for the current stage by the 12th and 13th party congresses--have as principal traits the accentuation of the national economy's character of modernity and the achievement of an advanced economy in terms of both its production system and the efficiency with which it is used and with which growth in social production and in national income is achieved.

The experience of world development shows that, especially in the current period, the intensive character of reproduction, the preponderance of the contribution of the qualitative and efficiency factors to economic growth, represents a basic coordinate for a high level of economic development. By its nature, the multilaterally developed socialist economy must be distinguished by high material possibilities of meeting the social requirements and thus by high national income, by efficient ways of obtaining gross national product and by maximum concern for resources, so as to harmoniously combine current interests with medium- and long-term interests and to secure the high social purpose of production, a purpose different in principle from that of the capitalist order.

The meeting of these requirements is based decisively on attaining a high level of social labor productivity, on using with maximum efficiency the entire human, material and scientific potential that our society possesses, and on knowing and using the results obtained on a world level. In his speeches and addresses, Comrade Nicolae Ceausescu has repeatedly stressed that without achieving labor productivity at the level in the developed countries we will not be able to say that we have gone beyond the stage of a developing country. "There may be some people," the secretary general of the party stated at the Conference with Management Personnel in Industry, Construction, Transportation and Agriculture in March 1979, "who would say: 'Why must we absolutely catch up with the capitalist countries in the field of labor productivity? Do we

not really have another world view?.' True, we have a different world view regarding the system of production, of ownership, social justice and equality. We have replaced in our country and are in favor of the general replacement of the capitalist order with an order based on social equity and justice. But everything valuable that has been created in the development of production, science and culture is the result of the efforts of the people everywhere and must be adopted and developed further by the socialist and communist society, called upon to raise these achievements to an even higher level. The creative force of the man unfettered by oppression, master of his destiny, the man who works for himself, for his happiness, is demonstrated in this way."

The necessity of going from extensive development to intensive development is also influenced strongly by the course, the dialectics of economic and social development under contemporary conditions. The comparative analysis of the two types of development shows that the extensive type entails today more and more material and financial efforts, encountering many limits and restrictions. Extensive development is based predominantly on growth in the consumption of resources and is accompanied by a continual increase in the investment effort and in the consumption of fixed assets per physical unit of national income. The transition to the exploitation of more costly natural resources requires the stronger mobilization of the other ways and other factors of economic growth, so that, on the whole, growth in productivity and in the efficiency of all social production constitutes the decisive element in expanded reproduction and in economic growth.

The analyses and experience show that, in contrast to extensive reproduction, even if intensive reproduction also requires efforts, it is achieved in terms of higher efficiency. It is based mainly on the mobilization of high-quality resources and especially the effort at scientific creation, the knowledge of the personnel in the economy. At the same time, the studies show that the investments needed for the economization of resources of energy and raw materials are 3-4 times less than those needed for the corresponding growth of the production of fuel and raw materials. In the light of the recent measures adopted by the Political Executive Committee of the RCP Central Committee, on the initiative of Comrade Nicolae Ceausescu, regarding the growth of production and the drastic economization of energy resources, the close, indissoluble connection between the country's economic development and energy base, between the efficiency of production and the degree of utilization of the national power-generation potential, is as clear as can be.

The developments that are occurring in the world economy, especially in the field of resources of energy and raw materials, the implications of the world economic crisis, the contemporary scientific and technical revolution and the accentuation of the requirements regarding the quality of the products on the international market do nothing but accent even more the necessity of promoting the qualitative aspects and turning to reproduction of an intensive type.

The scientific and technical revolution and its implications for economic development occupy a prominent place in the economic thought of the secretary general of our party. The thesis formulated by Comrade Nicolae Ceausescu back at the ninth party congress according to which, being carried out in the era

of the powerful contemporary scientific and technical revolution, industrialization must be achieved on the basis of the most advanced technology has acquired programmatic value, it being in the center of the entire strategy and the plans for economic and social development of Romania. Our country's development in the last 20 years has confirmed, at a higher and higher level, the correctness of this orientation, with broader and broader favorable implications on the plane of mobilizing the scientific potential of the country and accentuating the process of modernizing the Romanian economy.

A Complex and Unitary Approach

The prospective thought of the secretary general of the party once again demonstrated its viability in the process of the preparation of the documents of the 13th party congress, which adopted the strategy for economic and social development in the next 5-year period and the long-term orientations up to the year 2000, documents at whose center there lies the accentuation of the intensive development of the country. In this regard, at the Plenum of the RCP Central Committee, at the session of the Supreme Council for Economic and Social Development, and at the Plenum of the National Council of the Socialist Democracy and Unity Front in June 1984, Comrade Nicolae Ceausescu stated that a new stage of the scientific and technical revolution is prefigured on a world level, a stage that will produce profound changes in the industrial and economic structure of the states, in the development of human society, pointing out that this must also be reflected accordingly in the development of the Romanian socialist society. "In conformity with this," the secretary general of our party stated at the Plenum of the RCP Central Committee in June of last year, "we will devote special attention to undertaking the intensive development of the activity in all sectors, the automation, cybernation and robotization of production, to raising our entire industrial activity and that in other fields to a new, modern level. Bearing in mind that all mankind is entering a new stage of the scientific and technical revolution, our country too--like, moreover, all the socialist countries--must participate actively and rise to the level of the highest achievements of world science and technology."

In our party's view, the transition from the extensive to the intensive constitutes a basic requirement of the current stage of development of the Romanian economy, interweaving objective necessity equally with the possibilities of transforming it into a reality. On the basis of the allocation of a big part of national income for accumulation and of vast investment programs, the national economy now possesses fixed assets valued at over 2.60 trillion lei, of which machines and equipment, measurement and control apparatus, and means of transportation--which directly determine the technical equipping of labor--have a percentage of 59 percent.

Besides a modern technical base and the structure of social production in existence, one should also mention the scientific potential, the experience and the high degree of training of the majority of the workers, technicians and specialists in all fields of material production. The percentage of skilled workers has reached 90 percent, the number of personnel with higher education rose from 70,000 in 1945 to 230,000 in 1965 and to 610,800 in 1984, and a

large number of researchers, designers and other specialists, who work in integrated staffs with personnel in education and production, perform their activity in the 215 scientific research institutes and centers (to which are added 100 agricultural research and production stations); in 1984, about 235,000 persons, including 47 percent in research-development and educational institutes, 23 percent in design and 30 percent in plants and factories, worked in this sector.

On the other hand, the experience of world economic development in the postwar period confirms the great possibilities created by contemporary scientific and technical progress for accentuating the qualitative aspects and turning to intensive development. This progress has been concretized and is being materialized in the unprecedented improvement of the means of labor, technology, in the appearance of new technologies and materials that raise to a higher level the technical and economic parameters of the products, so that the economization of social labor extends over a broad front, including both live labor and embodied labor, both the growth of social labor productivity and the more marked growth of the efficiency of fixed assets and the reduction of material expenditures and energy consumption.

In the work of the secretary general of our party, the theoretical substantiation of the necessity of going from extensive development to intensive development is backed by a complex and unitary approach to the ways of action and the directions to follow in the current stage, so that the contribution of the intensive factors becomes more and more preponderant. This approach has as a basis the interdependences of the branches of the national economy and the unity of the process of expanded socialist reproduction, as well as the necessity of harmoniously blending the measures that are adopted at a macroeconomic level, through the sole national plan for economic and social development, with the wide mobilization of the efforts and the performance of broad and highly responsible actions at the level of all the economic units. At the same time, all fields and aspects of social life are involved in this process, taking into account the role and specific character of each one, with the orientation being established in such a way that the development of the production forces and the improvement of the production and social relations, the measures of an economic, technical, social, political and organizational nature, are combined into a unitary process for raising Romania to a qualitatively higher level.

The multilateral view regarding the process of intensive development of the Romanian economy contained in the report presented by Comrade Nicolae Ceausescu at the 13th party congress is indicative in this regard--a document in which the accentuation of the intensive development of the economy is approached in close connection with the requirements for providing a better balance between different sectors, by overcoming existing contradictions, with the exigencies of the new stage of the scientific and technical revolution, and with the requirements for raising the level of competitiveness of Romanian products on the world market.

The stronger promotion of scientific and technical progress in all branches is conditioned to a decisive degree by the modernization of the list of machines,

equipment and installations and by the wide-scale implementation of them in the economy. Consequently, the development of industry in the next 5-year period will be achieved mainly by modernizing the means of labor and the structure of production and raising their technical and qualitative level through the introduction and generalized application of advanced technologies. The high rates of growth in the machine-building industry (7-7.5 percent) and the chemical industry (8.5-9 percent) and the big increases provided for the products of the electronics industry and the industry of technical means of computation, which will rise 62-67 percent from 1985 to 1990, and the products of the precision-engineering industry, which will rise 48-55 percent, are indicative in this regard. The provision in the report according to which the intensive reorganization of all industrial sectors will be finished, roughly speaking, by the end of this decade, so that the general level of Romanian industry's production and of this branch's quality and technology will be comparable to that in the countries developed from an economic viewpoint, is of great principled value.

In agriculture, along with strong growth in production, the firm orientation of this branch in the direction of intensive development through the more marked modernization of the technical-material base and the stronger growth of economic efficiency represents one of the basic requirements of the new agrarian revolution, formulated by the 13th party congress.

The entire development of the branches of the national economy is conceived for the next 5-year plan in such a way that the accentuation of the intensive factors will find its reflection in the outstripping of the indicators that express the consumption of resources and the gross results by the ones that express the net results and the efficiency of production activity.

Experience demonstrates that economic and social development cannot be achieved without the allocation of suitable material and financial resources. Consequently, as Comrade Nicolae Ceausescu pointed out at the 13th party congress, accumulation, the allocation of a large part of national income for development, constitutes an objective necessity, a law of socialist construction and of economic and social progress in general. The transition to intensive development does not negate this necessity, especially if we bear in mind the fact that technical progress accentuates the structural changes in the economy and speeds up the process of obsolescence of technology, of modernization of the production apparatus. However, the intensification of production causes significant changes in the orientation of investments. In the next 5-year period, when the investments will total 1.35-1.40 trillion lei, the majority of the funds will be oriented toward expanding the base of energy and raw materials, toward carrying out the program for intensive development, the modernization of industry and the raising of its technical level, and the program for irrigation and land improvements in agriculture. In accordance with the basic orientation of the next 5-year period toward intensive development, the accent will be put no longer on building new production capacities but on modernizing the existing capacities and raising their technical level.

The Main Accent--the Raising of Economic Efficiency

The strong growth of efficiency, through the more marked growth of labor productivity, and the reduction of material expenditures and, in general, production costs, through the raising of the degree of use of the production capacities, of the fixed assets, and through the growth of the profitability of the enterprises, lie in the center of the conception promoted by the secretary general of our party regarding the transition from the extensive to the intensive in the process of developing the national economy. In 1981-1983, through the reduction of production costs, cumulative savings of over 31 billion lei were obtained and the profitability in national industry rose 5 percent.

Starting from the decisive role of the economization of resources in the production of material assets and the growth of national income, Comrade Nicolae Ceausescu has continually urged the activity of the ministries, centrals and enterprises in the direction of the economization of material resources. At the Joint Plenum of the RCP Central Committee and the Supreme Council for Economic and Social Development in December of last year, noting that the consumption of energy and some raw materials and supplies is higher in our country than in other states--for some, even higher than the rates set--the secretary general of the party mapped out the task of strongly mobilizing the staffs in the enterprises to more markedly reduce the consumption of raw materials, supplies and energy per unit of product and national income. The fact that the savings expected in the last 2 years of the current 5-year period through cost reduction are over 3 times higher than in the 1981-1985 period [as published] and those in the 1986-1990 5-year period will represent, cumulatively, over 470 billion lei is illustrative in this regard.

Our party puts the consistent and wide promotion of scientific and technical progress at the foundation of the whole process of going from extensive development to intensive development. The influence of this progress in the direction of accentuating the intensive factors is manifold. Besides the raising of the technical and qualitative level of products, which represents a vital requirement and a major problem in the development of industry under the current conditions, one should mention the substantial contribution that the more marked growth of social labor productivity and the economization of raw materials and energy are called upon to make. The efficiency of the introduction of new technology manifests itself extremely positively not only for the producers but also for the users (it is estimated that two-thirds of the calculated efficiency of technical improvements becomes effective there). This is why the improvement of the relations between the producing enterprises and the users of new technology is of particular importance. In addition, the stronger promotion of technical progress requires that scientific achievements, inventions and technical improvements be rapidly applied in production in order to prevent obsolescence (as is stated in the international literature, inventions more than 7 years old are now beginning to obsolesce).

As a result of the measures provided in the documents of the 13th party congress, a more marked rise in economic efficiency is to be achieved in the next 5-year period. The coefficient of the efficiency of each percent of

accumulation of national income will rise, as is provided, from 1.16 in the current 5-year period to 1.47-1.63 in the next 5-year period.

The raising of the level of training, the thorough qualification and the refreshing of the knowledge of all personnel in the economy represent a major requirement (and component) of the transition to intensive development. For precisely this reason, at the Plenum of the National Council of Working People in December 1984, Comrade Nicolae Ceausescu stressed that the transition to intensive development presupposes a qualitative change in the activity in all the sectors and in the conception of all the working people's councils and of all the staffs. This entails the improvement of the planning of economic activity, so that the resources and energies may be mobilized and oriented better, in accordance with the requirements for intensive growth. In addition, it is necessary to increase the responsibility in all the enterprises, to strengthen the technological and labor discipline in all the departments and to change the behavior of the people toward resources and toward the problems of economic efficiency. Only in this way will the enterprises be able to cope with the complex problems that modern production raises and, in particular, will the tasks regarding the achievement of physical and use-value production be able to be interwoven with the qualitative ones connected with obtaining maximum economic efficiency.

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YUGOSLAVIA

JOINT FOREIGN EXCHANGE POLICY FOR 1985

Belgrade SLUZHBI LIST SFRJ in Serbo-Croatian no 71, 31 Dec 84 pp 1669-1676

[Decision adopted by Yugoslav National Assembly]

[Text] 819. On the basis of article 281, paragraph 1, subparagraph (5) and of article 286, paragraph 2, subparagraph (2) of the Constitution of the Socialist Federated Republic of Yugoslavia (SFRJ), in connection with article 19, paragraph 2 and article 24, paragraph 1, of the law on foreign exchange transactions and foreign credit operations, (SLUZHBI LIST SFRJ NO 15/77, 61/82, 77/82/34/83, and 70/83), at the session of the Council of the Republics and Provinces held on 28 December 1984 the Assembly of the SFRJ adopted the following

DECISION ON THE JOINT ECONOMIC POLICY OF YUGOSLAVIA FOR 1985

1. The joint foreign exchange policy of Yugoslavia for 1985 will determine and coordinate the directions and mode of operation of all domestic agencies in the sphere of foreign economic relations. The fundamental goal of this policy in 1985 will be achievement of the projected balance of payments and foreign exchange balance for 1985, which form integral parts of this decision.

The joint foreign exchange policy of Yugoslavia will be conducted in such a way as to ensure conditions for more successful engagement of associated labor in the international division of labor and strengthening of the export orientation of economic agencies and the economy as a whole; the projected scope of production in the country, as regards the portion which depends on imports and exports of goods and services; discharge of foreign financial obligations of all agencies and the country as a whole; foreign exchange for general and common needs; organized action by our economy on foreign markets; pursuit of a realistic dinar exchange rate policy and a suitable system of incentives for accomplishing the planned exports of goods and services.

The following must be ensured for the operation of the foreign exchange market in 1985: consistent achievement of the proportions established in the projections of the balance of payments and foreign exchange balance of the country, from the viewpoint of scope, structure, and dynamics; implementation of the projected foreign debt program (from the viewpoint of scope, structure, and dynamics); maintenance of suitable reserves of

convertible foreign exchange and foreign exchange mobility among authorized banks; consistent and timely coordination of publicly acknowledged reproduction needs with actual foreign exchange receipts. Under the current conditions of pronounced discrepancy between foreign exchange supply and demand, operation of the unified foreign exchange market in 1985 can also be improved through consistent implementation of the legal solutions in force; increase in exports to the convertible currency area and accelerated collection of claims following export performance; keeping specific foreign trade transactions within economically realistic and justified limits, as established by this decision; consistent implementation of the programs for rescheduling and refinancing foreign debt in associated labor organizations and authorized banks; consistent implementation of the provisions of the law on foreign exchange transactions and foreign credit relations as regards sale of foreign exchange in excess of the established publicly acknowledged reproduction needs by associated labor organizations to authorized banks and by the latter at the interbank meeting of the foreign exchange market; application of credit and monetary measures by authorized banks and the National Bank of Yugoslavia in instances in which foreign exchange is held for a period longer than 15 days in the accounts of associated labor organizations, on the basis of publicly acknowledged capital replacement needs; activation of foreign exchange reserves administered by the National Bank of Yugoslavia in proportion to creation of conditions for replacing these reserves through purchase of foreign exchange by the National Bank of Yugoslavia at the interbank meeting of the foreign exchange market. A contribution toward improvement in the operation of the foreign exchange market must be made by strengthening and intensification of the activity of the Federal Foreign Exchange Inspectorate, the foreign exchange supervision of the National Bank of Yugoslavia and the national banks of the socialist republics and socialist autonomous provinces, the Public Accounting Service, and other supervisory organs in ensuring practical application of the system, especially by the authorized banks, and in taking measures in all cases in which the regulations are not obeyed. At the same time, coordinated action by all factors concerned (from associated labor organizations and authorized banks to the proper authorities in the socialist republics, socialist autonomous provinces, and federal government) who are responsible and competent for practical application of the foreign exchange system will ensure better and more successful operation of the unified foreign exchange market, especially in the sense of timely provision of foreign exchange for supplying the economy with imported raw and reproduction materials. An especially important role in this connection is played by the Interest Collective of Yugoslavia for Foreign Economic Relations and the Economic Council of Yugoslavia in establishment and implementation of the Unified Criteria in 1985, for the purpose of stimulating export efforts and coordinating foreign economic relation plans to increase exports, especially to the convertible currency area.

The publicly acknowledged capital replacement needs must be established in their entirety in accordance with the projected proportions and quantifications in the Yugoslav balance of payments and foreign exchange balance and in a schedule adjusted at the proper time to actual developments.

When establishing standards for determining the right to withhold a portion of foreign exchange receipts or to purchase foreign exchange on the foreign exchange market for forms of association and linking (in the context of which distribution among associated labor organizations will be effected by self-management agreements), steps will be taken to make certain of the following:

That there be established the amount, in percentage (and in terms of the amount planned for establishing monitoring and coordination), which forms of association and linking (and by agreement, within which associated labor organizations), will withhold from their foreign exchange receipts to meet publicly acknowledged capital replacement needs, and also what amount will be sold on the unified foreign exchange market;

That the right be established to purchase foreign exchange on the unified foreign exchange market for the remaining portion of the publicly acknowledged capital replacement needs, this including establishment of the scope of this right together with specification of the sources from which foreign exchange will be secured for the unified foreign exchange market;

That the associated labor organization will be able to satisfy part of its publicly acknowledged capital replacement needs by availing itself of foreign credit pursuant to law;

That entitlements on all grounds will not exceed the total volume of publicly acknowledged capital replacement needs, as coordinated with the balance of payments of Yugoslavia and the foreign exchange balance of Yugoslavia, except on the basis of an increase in exports in excess of projections in current economic policy instruments;

That the total publicly acknowledged capital replacement needs as determined by the unified criteria include all imports and foreign payments, including all forms of specific foreign trade and imports on credit;

That payments for aggregate imports in 1985, both out of an organization's own foreign exchange receipts and with foreign exchange purchased on the unified foreign exchange market or on credit, be effected only within the limits of the established publicly acknowledged capital replacement needs;

That an associated labor organization will exercise its right to purchase foreign exchange on the unified foreign exchange market only after it has spent all the foreign exchange which the organization is entitled to maintain in its foreign exchange account;

That the established publicly acknowledged capital replacement needs be reduced by the amount of the refinanced portion of the foreign debt in 1985. In coordination of the publicly acknowledged capital replacement needs as determined in accordance with the unified criteria with the actual processes in the balance of payments and foreign exchange balance of Yugoslavia, proportional adjustment will be made in the amount of foreign exchange due an associated labor organization on the basis of foreign exchange withholding

and on the basis of the right to purchase foreign exchange on the unified foreign exchange market.

The measures taken to implement the joint foreign exchange policy of Yugoslavia will provide for the creation of conditions and greater incentives for acquiring as much foreign exchange as possible and for the mode of allocating foreign exchange disbursements, in accordance with the proportions provided in the projections of the balance of payments and foreign exchange balance from the viewpoint of volume and purposes. The goals of the joint foreign exchange policy of Yugoslavia in 1985 will be:

- (1) increase in exports of goods and services by around 12 percent (by around 15 percent to the convertible currency area) and increase in foreign exchange receipts in keeping with the increased exports of goods and services.
- (2) increase in imports of goods and services at the rate of 6 percent (by around 9 percent from the convertible currency area).
- (3) establishment of better coordinated export and import relationships, and in this context more harmonious relationships in overall economic co-operation with individual regions and creation of a balance of payments surplus.
- (4) relative lowering of the level of foreign indebtedness by around 2 percent, and accordingly the total foreign debt by 0.4 billion dollars.
- (5) maintenance of the current foreign liquidity of Yugoslavia, along with timely payment of all foreign obligations and maintenance of foreign exchange reserves approximately in an amount corresponding at the minimum to the average bimonthly payments in convertible currencies, a higher level being reached by the end of the year.
- (6) creation of conditions for further encouragement of investment in the Yugoslav economy by foreign partners on the basis of equality of rights and reciprocity of economic interests, and for the sake of further technological development and increase in production and exports.

Policy of Promoting Exports of Goods and Services

2. Economic policy measures will be applied to create conditions for a more intensive increase in exports of goods and services, especially to the convertible currency area. Income incentives for associated labor organizations for exporting goods and services will be ensured primarily through a realistic dinar exchange rate policy. In addition to a realistic dinar exchange rate, income incentives will be provided for the economy in the form of dinar incentives for foreign exchange receipts deriving from exports of goods and services, through a self-management agreement concluded in the Interest Collective of Yugoslavia for Foreign Economic Relations.

Dinar incentives for foreign exchange receipts in 1985 will be based on the following principles:

Export prices will be relieved of customs burdens through reimbursement of customs and other import fees;

Dinar incentives for foreign exchange receipts will be appropriately coordinated with the realistic dinar exchange rate policy;

The sources for providing dinar incentives will be determined simultaneously with drawing up of the dinar incentive instrument.

Foreign exchange receipts based on upgrading of services (labor employment transactions) will be given the same treatment in connection with dinar incentives for exports as foreign exchange receipts based on exports of goods.

The acquisition of foreign exchange receipts will be encouraged by other economic policy measures, and especially development policy measures, credit and monetary policy measures, taxation policy measures, and so forth. The economic policy measures in the aggregate will ensure increase in income incentives encouraging associated labor organizations to engage in export.

The fundamental criteria on the basis of which the republics and autonomous provinces will adopt measures to stimulate acquisition of foreign exchange receipts from exports of goods and services will be established in the Interest Collective of Yugoslavia for Foreign Economic Relations.

If in 1985 associated labor organizations achieve a rate of growth of exports higher than the rate of growth specified by this decision, the increase in foreign exchange receipts acquired on this basis, after allocation of a portion of the foreign exchange for the purposes provided by law, may be utilized in its entirety for payment to meet the organizations' own increased capital replacement needs and may be distributed in this form among the individual associated labor organizations themselves. Foreign exchange receipts acquired on this basis may be used for payment for raw and reproduction materials, equipment, and other foreign payments.

To increase production for exports of goods and services to the convertible currency area, use will be made of commodity credit for payment for imports of raw and reproduction materials, components and spare parts for maintenance of equipment in use, and production of goods and services for export, under the conditions prevailing in 1984.

Export production will be encouraged by permitting completion of import transactions for the sake of export, for the purpose of increasing the export of products in advanced stages of processing to the convertible currency area, provided that within the framework of such transactions imports do not exceed 65 percent of the value of the goods exported.

To finance exports of equipment and ships and the execution of investment projects abroad on credit through the Yugoslav banks for international economic cooperation, to an extent that would ensure an increase in foreign exchange receipts for 1985, an appropriate self-management agreement will be concluded whereby a portion of the credit potential of the banks amounting to 38.5 billion dinars will be allocated for these purposes.

To increase exports of equipment and ships and the execution of investment projects abroad, other measures will also be taken to create more favorable conditions for enhancing the competitive ability of such exports in the convertible currency area.

The acquisition of higher foreign exchange receipts through the importation and sale of foreign exchange by Yugoslav citizens temporarily employed abroad will be encouraged by providing more favorable conditions for investment in the private economy and the purchase of housing in the marketplace and other favorable conditions for use of the corresponding dinar value of foreign exchange sold.

To permit the development of maritime tourism, measures will be taken and solutions will be proposed for promotion of such tourism.

Import Policy

3. Measures applied to implement the import policy in 1985 will create conditions for priority provision of the necessary imports of raw and reproduction materials for production whereby, through use of domestic resources, exports are manufactured primarily to the convertible currency area.

On the basis of the general conditions of operation in 1985 and the need for confining the volume of imports to the limits of balance of payment capabilities, achievement of the scheduled imports will be ensured through improvement in the import structure. This will be accomplished by increasing imports of goods in the lower stages of processing and by creating conditions for replacement of such imports wherever the possibility exists of supplying output from domestic sources. Priority in imports and payments will be assigned to raw materials and reproduction materials primarily for exports to the convertible currency area and to raw materials, reproduction materials, and specific products that are of particular importance in supplying the population in accordance with the social contract.

The linking of associated labor organizations within the framework of joint development, production, and export programs will be continued in the context of the forms of association and linking. In the context of these forms of association the associated labor organizations will also draw up export programs establishing the actual volume of exports, the regional orientation of exports, the dynamics and structure of exports, and the needs for imports of the requisite raw and reproduction materials for organizing production for carrying out these programs. For the purpose of executing these programs, the associated labor organizations will reach agreement, within and between

the forms of association, on imports of raw and reproduction materials if no domestic raw and reproduction materials are available or if domestic raw and reproduction materials do not meet the requirements of export production. Associated labor organizations responsible for export programs and associated labor organizations producing raw and reproduction materials will reach agreement on supply of raw and reproduction materials from domestic sources.

In order to accomplish these tasks, and on the basis of the draft production, export, and import program for the metal complex proposed by the Economic Council of Yugoslavia, associated labor organizations will be organized and will associate within the framework of the metal complex (production of basic metals and processing of metals) in a special form of organization and association in accordance with the unified criteria set forth in article 70 of the law on foreign exchange transactions and foreign credit relations.

To implement the metal complex production, export, and import program for 1985, the associated labor organizations organized and associated in the special form of association and linking, in accordance with a self-management agreement concluded on the basis of the unified criteria, will be enabled to obtain priority in purchase of foreign exchange on the unified foreign exchange market to make up the difference between the established aggregate publicly acknowledged capital replacement needs of basic metal producers and the amount of foreign exchange which associated labor organizations retain out of foreign exchange receipts collected, up to a maximum amount of 332 million dollars.

The Federal Executive Council will incorporate in the decision on the conditions, organization, and operation of the unified foreign exchange market in 1985 the possibility of preferential purchase of foreign exchange on the unified foreign exchange market for payment for imports with which to complete production of basic metals used to increase output, exports, and imports.

The program for production and export of basic agricultural food products in 1985 will specify the volume of exports of these products in excess of the stipulated amounts intended to supply the domestic market. The amount of foreign exchange required to pay for imports of raw and reproduction materials and spare parts for agricultural machinery and to settle matured fixed and guaranteed obligations of associated labor organizations producing agricultural food products will be secured primarily through the conclusion of self-management agreements between these organizations and associated labor organizations directly associated with them in the process of producing and exporting goods and services.

If in 1985 exports of specific agricultural food products and products of other economic sectors are restricted or prohibited in excess of the amounts stipulated for supply of the domestic market, the amount of foreign exchange required for foreign payments will be secured for associated labor organizations whose imports are restricted or prohibited through the establishment of the right to purchase foreign exchange out of the amount of foreign exchange set aside pursuant to the decision for foreign exchange

compensation.

The fixed and guaranteed foreign obligations of associated labor organizations, the export of whose products has been prohibited or restricted, and also the mutual obligations of banks pursuant to article 240 of the law on foreign exchange transactions and foreign credit relations, will be settled with foreign exchange purchased under the priority arrangement on the foreign exchange market. If there is no foreign exchange on the foreign exchange market, and if the authorized bank at which a foreign exchange account is maintained or a bank which has issued a foreign guarantee does not have sufficient foreign exchange funds, the National Bank of Yugoslavia will intervene in the foreign exchange market by drawing on current foreign exchange reserves.

If settlement of the fixed and guaranteed obligations of producers to whom export of specific products is prohibited or restricted is not secured in this manner, the Federal Executive Council may permit exports of such products up to the level of the fixed and guaranteed obligations not settled, account being taken of the situation on the domestic market. Foreign exchange receipts may, on the basis of this amount, be exempt from the set-aside obligation pursuant to the decision made in connection with the joint foreign exchange policy.

In 1985 associated labor organizations will use foreign exchange receipts primarily to settle their fixed and guaranteed obligations and to pay for raw and reproduction materials intended for production for export of raw materials, reproduction materials, and finished products which are of particular importance in supplying the population.

Primarily associated labor organizations capable of developing production for export by using domestic sources of raw and reproduction materials and economically justified production ensuring replacement of imported products will be permitted to make the most essential imports from the convertible-currency area, in amounts corresponding to balance-of-payment capabilities and not disrupting the process of necessary import of raw and reproduction materials from this area for production and export.

By the end of January 1985 the Federal Executive Council will review the equipment import regulations for the purpose of simplifying procedures.

New equipment import contracts may be concluded if such imports ensure an increase in production for export or ensure the export of domestically manufactured equipment, if the equipment in question represents that needed by associated labor organizations in the power engineering sector, that for petroleum and gas exploration and for mines, essential medical equipment and labor safety equipment, specific equipment and spare parts not manufactured in the country and needed for projects executed by pooling labor and the resources of the federal fund for financing more rapid development of the economically underdeveloped republics and the Socialist Autonomous Province of Kosovo, equipment which is imported on the basis of investment by foreigners in domestic associated labor organizations, equipment replacing

equipment destroyed by natural disasters or other force majeure and for repair of damage resulting from the action of force majeure, spare parts for capital overhaul, equipment meeting the needs of science and research institutes, equipment exhibited at international exposition fairs in Yugoslavia, and equipment of minor value imported without payment of the corresponding value.

Imports of equipment paid with credit from the International Bank for Reconstruction and Development and its affiliates, the European Investment Bank, and EUROFIMA, and equipment acquired with credit approved for remedying the aftermath of earthquakes will also be permitted.

In 1985, equipment from the convertible currency area will be imported primarily on credit and provided that such equipment cannot be procured under approximately the same conditions in Yugoslavia.

Associated labor organizations may use the amount of foreign exchange due them on the basis of publicly acknowledged capital replacement needs to pay for equipment of minor value and spare parts for capital overhaul in 1985, in the amount of 10 percent of the publicly acknowledged capital replacement needs thus established.

In importation of equipment under a rental arrangement (conventional or leasing), priority will be given to imports which ensure production for export. In monitoring of implementation of the projected balance of payments, in instances in which the rental agreement stipulates that imported equipment will be maintained in Yugoslavia, the value of the rent for the particular year in question will be stated as the import value.

To ensure better outfitting of domestic associated labor organizations which perform transportation services on international routes in sea and air traffic, the acquisition of ships will be permitted under a mortgage credit arrangement and under the obligation of earning net foreign exchange equalling the credit repayment amount, and the procurement of aircraft on credit will be permitted, by way of conditional transactions involving export of Yugoslav goods representing at least 50 percent of the total import value. Predominantly industrial products and equipment and finished consumer goods will be exported under the conditional transaction arrangement. Under the auspices of the Economic Council of Yugoslavia and the Interest Collective of Yugoslavia for Foreign Economic Relations, the conclusion of a self-management agreement will be initiated between aviation shipping associated labor organizations, associated labor organizations whose products are to be exported under such conditional transaction arrangement, the foreign trade associated labor organizations through which the exports and imports are to be carried out, and the commercial banks which are to finance and guarantee the export and import transactions. In monitoring of implementation of the projected balance of payments, only credit advances and repayments will be recorded as import amounts.

Associated labor organizations which perform transportation services in international traffic will be permitted to pay for imported aircraft and ships

with the foreign exchange which they earn from sale of their own transportation equipment. Within the framework of the stipulated debt contraction policy in 1985, the importation on credit of certain equipment, spare parts, raw materials, and reproduction materials will be permitted for the purpose of completion and full activation of major investment projects in the Socialist Autonomous Province of Kosovo. By way of exception, importation of equipment will also be approved for facilities which are built in underdeveloped areas of the republics and the Socialist Autonomous Province of Kosovo and which are built by pooling of labor and funds on the basis of the permanent resources of the Federal Fund earmarked for pooling.

Imports of consumer goods in 1985 will be oriented primarily toward goods which are imported to supply the unified Yugoslav market, on the basis of the social contract on securing and utilization of foreign exchange for payment for priority imports of certain products or raw materials for their production in 1985 on the unified Yugoslav market. This applies in particular to imports of citrus fruits, coffee, and other agricultural food products to supply the population and to goods imported by reserve food product administrations. The importation will also be permitted of books and other printed matter in the sphere of science, culture, and education; films for purposes of review; medical products not produced in sufficient quantities or not produced at all in Yugoslavia and intended to meet public health service needs or imported for the needs of veterinary medicine; certain agricultural food products intended to supply individual agricultural producers; goods which are displayed as fair exhibits in Yugoslavia; and goods which are imported within the framework of individual specific forms of foreign trade, when export is linked to importation of such goods.

For the sake of more complete utilization of existing production capacities and greater stability of operation, permission will also be granted for utilization of barter transactions with foreign countries, import for the sake of export, export transactions involving collection of payment in goods with developing countries and other countries, as a function of achievement of reciprocal balanced trade in goods and services in accordance with international agreements, minor border traffic, brokerage transactions, upgrading, etc.

Barter transactions will be approved if such transactions ensure the sale abroad of certain goods the export of which is exceptionally difficult in regular commodity exchange or if it is a question of ensuring exports of goods to new markets, and if it is a question of commodity exchange with specific countries with which such trade must be conducted on a balanced basis, in accordance with annual commodity exchange protocols. Within the framework of barter transactions, exports of products in advanced stages of processing and imports of raw and reproduction materials will be approved primarily for the producing associated labor organizations whose goods are exported, as well as imports of raw materials, reproduction materials, and finished products which are of particular importance in supplying the population in accordance with the social contract.

Exports of agricultural food products will be approved for production associated labor organizations exporting under barter arrangements, and for the purpose of importing raw and reproduction materials primarily for their needs.

Priority will be given in this process to partners in developing countries and specific other countries with which balanced trade is anticipated in accordance with mutually concluded commodity protocols on exports and imports of specific types and amounts of goods provided by international agreements.

Permission will be granted for conclusion, and the implementation will be ensured, of international agreements with developing countries (barter arrangements) in balanced trade which is conducted through special accounts in an authorized bank selected by associated labor organizations within the framework of the section of the Economic Council of Yugoslavia for promoting foreign trade with a specific country and by the banks of these countries.

To promote economic cooperation with developing countries, within the framework of the Economic Council of Yugoslavia and the general associations and sections for promotion of economic cooperation with individual countries, associated labor organizations will endeavor to purchase raw and reproduction materials produced in developing countries.

The purchase of raw and reproduction materials in developing countries will be encouraged by suitable economic measures in the context of the credit and monetary, customs, non-customs, and tax policy and import policy.

Payment for imports on any basis will be effected within the limits of the established publicly acknowledged reproduction needs.

In order to achieve balance in trade with countries of the clearing settlement area provided by the trade protocols with these countries, within a period of 30 days following the signing of such protocols the amounts and types of goods for export and import will be assigned by a self-management agreement concluded among the associated labor organizations which participate in exchange of goods and services with these countries. By 15 January 1985 the Federal Secretariat for Foreign Trade may establish for individual associated labor organizations, as required, an advance of up to 20 percent of their imports in the past year. Priority in assignment of amounts and types of goods imported from these countries will be given to associated labor organizations which use the goods in production of goods and services for export to specific countries. If no self-management agreements are signed during the year in question, assignment will be made in accordance with the decision on the conditions and procedure for distribution of goods exported to and imported from countries in the clearing currency area.

In the collection of claims for exports of goods and services to the least developed developing countries, the opportunity will be seized for collecting such claims in the form of imports of raw and reproduction materials and other goods produced in these countries. This will also be done in trade

with other countries when collection for exports is difficult or when this is a condition for balanced trade.

Imports of energy raw materials in 1985 are understood to mean imports of petroleum, petroleum derivatives, coking coal, nuclear fuel, and other energy budget products, gas transshipment and gas storage, reproduction material and spare parts imports for exploration and production of petroleum, gas, coal, and electric energy; costs of prospecting for petroleum abroad; costs of transporting energy raw materials from both the convertible and the clearing settlement areas in Yugoslav and foreign ships and by railroad to the Yugoslav border; and imports of protective equipment for underground ore mines.

The Federal Executive Council is authorized, in cooperation with the executive councils of the assemblies of the republics and the executive councils of the assemblies of the autonomous provinces, to assign individual items and percentages for individual purposes within the aggregate amount.

The following will constitute the basis for allocating a portion of foreign exchange out of foreign exchange receipts for individual foreign trade transactions or specific forms of foreign operations:

Operations connected with the execution of investment projects abroad, the profit from these projects.

Brokerage in foreign trade, the profit from such business;

Agency transactions, the agency commission;

Foreign barter transactions, the excess of foreign exchange receipts over disbursements for an approved transaction, provided that the entire foreign exchange surplus is allocated for the purposes specified by this decision;

Agreements on utilization of commodity credit pursuant to article 8 of the law on use of certain commodity credit abroad in 1983, 1984, and 1985, the foreign exchange receipts realized in excess of the value of the foreign obligations;

International agreements on traffic and postal, telephone, and telegraph services, the positive balance resulting from these agreements;

Agreements on property and personal insurance and re-insurance, the excess of receipts over disbursements from total payments and collections from foreigners based on these agreements;

Border trade with neighboring countries, the foreign exchange receipts in excess of the value established by this decision;

Associated labor organizations engaging in international trade, the balance of receipts after deduction of actual foreign exchange costs abroad;

Final purchase of foreign exchange from natural persons and domestic juridical persons based on foreign money orders and international postal money orders.

No amount of foreign exchange will be allocated from foreign exchange receipts for:

Transactions of long-term cooperation in production with foreign countries;

Investments by foreigners in domestic associated labor organizations;

Collection of damages from insurance on fixed capital under construction and in service;

Exposition fair barter transactions with neighboring countries;

Foreign credit funds utilized;

Advances on exports of equipment and ships and execution of investment projects abroad;

Transfer disbursement of foreign exchange;

Receipts acquired by organizations for which a liquidation procedure has been instituted;

Receipts acquired by associated labor organizations from sale of fixed capital abroad, if such foreign exchange is used for purchase of fixed capital;

Foreign exchange receipts acquired by associated labor organizations pursuant to the social contract from exports of goods to the convertible currency area for imports of raw and reproduction materials for the manufacture of such products;

Foreign exchange receipts acquired by associated labor organizations producing basic metals, in joint export of products in higher stages of processing within the framework of a special form of association and linking pursuant to article 67 of the law on foreign exchange transactions and foreign credit relations;

On the basis of exports of products of manufacturers whose exports are prohibited or restricted and are used to settle matured fixed and guaranteed foreign obligations.

If foreign exchange receipts serving as a basis for allocation of a percentage of foreign exchange for general social needs are acquired in an amount smaller than that planned, the Federal Executive Council will inform the Assembly of the SFRJ hereof and will recommend appropriate measures.

Up to 10 percent of the current foreign exchange receipts of associated labor organizations, up to the fixed amount established by act of competent authority in a republic or autonomous province, will be allocated for collective needs in the republics or autonomous provinces.

In long-term foreign trade arrangements under which collection for exports of Yugoslav products in high and very high stages of processing to developed western countries and countries overseas is effected with imports of energy raw materials, the obligation of allocating foreign exchange for established needs may also be satisfied by making these raw materials available to domestic users, in a value corresponding to the uniform percentage established for these purposes, less the percentage of foreign exchange allocated for needs in the republics and autonomous provinces. If collection for exports is made in the form of petroleum, the amount of petroleum made available to domestic users at the level of the uniform percentage of foreign exchange allocated for established needs, less the percentage of foreign exchange allocated for the needs of the republics and autonomous provinces, will be entered in the energy budget of Yugoslavia for the current year.

Foreign exchange for imports of raw materials for production of artificial fertilizers, detergents, plant protection agents, certain raw materials for production of goods for agriculture, spare parts for agricultural machinery, certain food products, raw materials for production of drugs, medical and sanitary materials, children's clothing, and certain goods essential for the tourist industry will also be secured out of funds purchased at the currency exchange office for cash dinars in accordance with the social contract on provision of foreign exchange for payment for import of goods of particular importance in supplying the population.

Domestic Production Protection Policy

4. In the area of customs protection, the function of customs as an instrument of development and selective protection will be continued. Work on revision of the customs tariff will be speeded up to ensure further adjustment of the customs charge level, for the purpose of ensuring further technological development and rational protection of domestic production on a selective basis, in accordance with the stipulated development policy. In view of the high level of protection, which among other things permits development of processing facilities based on imported components, often not adequately grounded in economic criteria, measures will be taken to reduce the customs protection gap between basic and process industry and to eliminate customs effects that do not tend to protect domestic production. Similarly, the tax burden on domestic and imported goods will be equalized and customs protection will be lowered for products whose prices are freely formed.

Customs and non-customs protective measures will be applied to create conditions for more favorable imports of goods intended for production for export to the convertible currency area.

Attainment of the basic goal in the area of foreign economic relations, that is, creation of conditions for greater participation by the Yugoslav economy in the international division of labor, will be ensured both through regulation of imports so as to eliminate the isolation of the Yugoslav economy from the positive influence of the world market and through revision of the customs regulations (customs tariff, etc) and application of other current economic policy measures.

All the necessary instruments relating to regulation of exports and imports over the forthcoming medium-term development period will be drawn up by 31 December 1985.

Protection of domestic associated labor organizations providing services in international maritime traffic will be ensured so as to orient export and import associated labor organizations toward use of the services of domestic associated labor organizations which provide such services under approximately the same conditions as those of the services of foreign shipping organizations.

Dinar Exchange Rate Policy

5. To encourage exports and the acquisition of foreign exchange on a lasting and stable basis, limit the outflow of foreign exchange, and on this basis improve the foreign liquidity of Yugoslavia and maintain foreign indebtedness within the planned limits, implementation of the policy of a uniform realistic rate of exchange of the dinar for convertible currencies will be continued in 1985. In keeping with the goals of the anti-inflation program, along with other measures a realistic exchange rate policy will be conducted in 1985 which will ensure retention of price competitiveness at the level reached at the end of 1984.

The policy of a uniform realistic dinar exchange rate implies the following:

Change in the average value of the dinar in keeping with the appropriate "basket" of convertible currencies, whereby the price disparities will continuously be eliminated between Yugoslavia and the countries in the convertible currency area, which are the most important foreign trade partners of Yugoslavia, in order to keep the price competitiveness of Yugoslav exports of goods and services at a level which, together with the active support of other economic policy measures, will create the requisite income incentives for attainment of the planned balance of payment proportions in 1985;

Application of the uniform dinar exchange rate for the maximum number of transactions in total foreign trade, along with consistent observance of the principle of "properly intersecting" domestic and foreign exchange rates.

Together with other competent authorities, the National Bank of Yugoslavia will propose to the Federal Executive Council a basis and limits for formation of foreign exchange rates at the interbank meetings of the foreign exchange market, as well as other measures needed for implementation of the

established dinar exchange rate policy.

The National Bank of Yugoslavia will submit a monthly report to the Federal Executive Council on implementation of the established dinar exchange rate policy in 1985, and will as required propose additional measures for its implementation. The Federal Executive Council will submit a report quarterly to the Assembly of the SFRJ on implementation of the dinar exchange rate policy in 1985.

Foreign Exchange Reserve and Foreign Liquidity Policy

6. Because of the limited potential for using foreign credit and increasing current foreign exchange receipts from exports of goods and services, available foreign exchange in 1985 acquired from exports of goods and services and foreign exchange from foreign credit will be used in an extremely selective manner and for making only the most essential foreign payments.

The total convertible foreign exchange reserves, which include the foreign exchange reserves administered by the National Bank of Yugoslavia and the foreign exchange reserves in the accounts of authorized banks, will be retained in 1985 at a level on the average corresponding at the minimum to monthly payments in convertible currencies, provided that these reserves reach a higher level by the end of the year. The convertible foreign exchange reserves administered by the National Bank of Yugoslavia will be used for intervention in the foreign exchange market to maintain liquidity in international payments only by way of exception, in accordance with special decisions of the Federal Executive Council, for the purpose of short-term elimination of the discrepancy between foreign exchange receipts and disbursements in individual banks. The National Bank of Yugoslavia will make certain that the temporarily used foreign exchange reserve funds administered by it are returned to the foreign exchange reserves within the established periods.

The law on payments in convertible currencies and other pertinent measures will be implemented to make certain that the resources of current foreign exchange receipts are used above all to settle matured fixed and guaranteed foreign obligations and that current foreign exchange receipt and disbursement processes are dynamically coordinated, associated labor organizations and banks bearing full responsibility for regular settlement of all obligations. The stipulated measures will also be executed to compel associated labor organizations in the Socialist Autonomous Province of Kosovo to settle fixed and guaranteed foreign credit obligations.

The National Bank of Yugoslavia will notify the Federal Executive Council and the Assembly of the SFRJ monthly of interventions effected in the foreign exchange market with foreign exchange accumulated for specific purposes and with permanent foreign exchange reserves.

Foreign Credit Relations

7. A substantial amount of the obligations deriving from foreign credit received from commercial banks, governments, and government agencies will

be rescheduled or refinanced in 1985, and such credit is exempt from the credit guarantee potential of commercial banks.

Use will be made primarily of new credit from international financial institutions of governments and government agencies of foreign countries, by associated labor organizations, which must contribute to more rapid attainment of development goals, and especially to structural adjustment and greater export expansion of the Yugoslav economy.

A borrower may sell foreign exchange deriving from credit from international financial institutions, through authorized banks, to the National Bank of Yugoslavia or authorized banks which have regularly settled obligations out of their current receipts in the year in which foreign exchange deriving from the credit in question is sold.

If the part of the foreign exchange deriving from foreign credit used within the limits of the total indebtedness level established by this decision is sold to the National Bank of Yugoslavia, it will not be charged against the credit guarantee potential of the commercial banks.

Foreign exchange originating in foreign credit and purchased by authorized banks will be used primarily for capital replacement and payment of fixed and guaranteed obligations. Authorized banks which regularly settle fixed and guaranteed obligations may use these funds to provide credit for or finance imports of reproduction materials for the needs of associated labor organizations which through their export activities secure foreign exchange for repayment of credit.

Within the limits of the foreign debt volume, for payment for imports of goods and services as provided by the balance of payments and foreign exchange balance of Yugoslavia, priority of indebtedness will be assigned to imports of reproduction materials, especially for the needs of export-oriented industry.

Foreign commodity credit will be used in 1985 to ensure the highest possible volume of production, along with involvement of domestic associated labor organizations, optimum utilization of domestic resources, primarily domestic raw materials, and the highest possible percentage of goods in the more advanced stages of processing for production of goods and performance of services intended for export to the convertible currency area.

Equipment will be imported on credit in 1985 within the limits of the established balance of payments and foreign exchange balance projections.

In 1985 foreign credit will be provided credit in the form of exports of goods and services, within the limits of the amounts established by the Yugoslav balance of payments and foreign exchange balance projections.

Authorized banks may issue guarantees for credit from foreign banks utilized abroad by Yugoslav and joint enterprises established by Yugoslav associated labor organizations, provided that such credit is used exclusively for

financing Yugoslav exports.

Associated labor organizations establishing enterprises abroad may issue guarantees for the credit utilized by their enterprises abroad if the funds obtained from such credit are used for financing Yugoslav exports.

Associated labor organizations establishing enterprises abroad may grant credit out of the amount of profit not transferred to their own enterprises abroad, on the condition that such funds will be used exclusively for financing Yugoslav exports.

In 1985 permission will be granted for obtaining foreign credit for financing the execution of investment projects abroad, to be used to eliminate the temporary disparity between the stipulated collection periods and the fund disbursement schedule, provided that such credit is repaid exclusively out of amounts collected for investment projects executed abroad.

Permission will be granted for contracting financial credit with international, national, and other financial institutions, through the fund for financing increased employment in the economically underdeveloped and markedly migratory areas of Yugoslavia, pursuant to law.

Balance of Payments and Foreign Exchange Balance Restrictions

8. If the planned proportions of the balance of payments and the foreign exchange balance of Yugoslavia are not achieved in 1985, the Federal Executive Council will, under its own authority, prescribe the temporary measures provided by the law on foreign exchange transactions and foreign credit relations.

9. Instructions for implementation of Section 3, paragraphs 34-37, of this decision will be issued by the Federal Secretariat for Finance, in cooperation with the National Bank of Yugoslavia.

10. This decision will enter into effect on 1 January 1985.

Assembly of the Socialist Federated Republic of Yugoslavia

Belgrade, 28 December 1984

[signed] Dusan Alimpic,

President of the Assembly of the Socialist Federated Republic of Yugoslavia

[signed] Milivoje Stijovic,

Chairman, Council of the Republics and Provinces

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CSO: 2800/184

YUGOSLAVIA

YUGOSLAV COMPUTER PRODUCTION IN COOPERATION WITH WEST

Paris ZERO UN INFORMATIQUE HEBDO in French 17 Dec 84 p 46

[Article by Josip Rajman: "Yugoslavia Expands Its Cooperation With the West"]

[Text] The Zagreb Exposition, one of the largest of its kind in Europe (500,000 m², 40 pavilions of exhibits), was celebrating its 75th anniversary. With Interbiro, the data processing sector was, for its part, present for the 16th year.

Personal and business computers were the theme of the exposition. Today, more than 10 models of domestic microcomputers are being assembled in Yugoslavia using foreign components.

In addition, foreign-assembled models, such as the Spectrum and the Commodore, are being imported in large quantities, not always lawfully. Hundreds of microcomputer clubs have been formed and software firms, whether foreign ones like Computer Associates and Computervision, or domestic ones like Ekonski Biro and Zavod za Ekonomske Ekspertize, are virtually assured of success.

In sum, East-West cooperation, already extensively developed, is growing:

--Birostroj (Maribar) has marketed 500 of the RGB 110 and 113 models (computers manufactured by the East German firm Robotron under the designation 5110 and 5130), while licensed production of the RGB 101 (Robotron 1720) continues. More than 3,000 units have been installed. Birostroj also provides maintenance of Commodore microcomputers.

--Digitron (Buje) manufactures the DB 7500 (under Mael license) and the Teraz accounting system devised by the Zagreb-based firm Technicar. Its product line also includes recording equipment, keyboards, and teleprinters.

--Elektronska Industrija (NIS) is continuing its cooperation with Honeywell and assembles DPS 6 minicomputers, including the most recent 32-bit model, the DPS 6/95. The firm plans to begin production of the DPS 7 line very soon, and of the DPS 8 line shortly thereafter. In addition, it has developed its own personal-computer line, which is presently equipped with a 64-Kbyte memory. It also produces, under Sagem license, the Teletex TCE 700 system.

--Energodata (Belgrade) manufactures the Bunker 90 System. It has designed and built a 16-bit banking system, the TIM 100 (128 K memory expandable to 512 K), and a small management system, the TIM 20, which has a 1 Megabyte main memory, and is equipped with Winchester disk drives and an Ethernet network interconnection interface.

Sinclair and SMT Goupil

--Gorenje (Titovo Velenje) has added two new computers to its catalog. A domestic model, the Dialog 20 H, with a 64-K memory, and a business model (64 K to 95 K), the Dialog 20 P. Both support the Paka 2000 visual display terminal, which is compatible with Digital's VT 100's.

--IBM, through the intermediary of the Intertrade company, which functions as commercial agent, has begun the manufacturing of its Series 1 by Yugoslav firms. Some 50 units have been installed.

--Infosistem (Zagreb), Sperry's agent, has embarked on new cooperative ventures with Yugoslav national firms. With Riz (Zagreb), Infosistem builds the Infograf alphanumeric and graphics (4,096 x 4,096 points) terminal, the Infoscope smart terminal and the models of its UTS series.

With Technicar (Zagreb), it makes Model 11 microcomputers (64-K memory, 1-M floppy disk drive) and Model 21, which supports up to 6 terminals and offers 27 Megabytes of memory on a Winchester disk.

--On the occasion of the 40th anniversary of Belgrade's liberation, the ILR [expansion unknown] company (Belgrade) inaugurated a new production line, the capacity of which should attain 3,000 units of different models, including the Lola 18 (16 to 48 Kilobytes of main memory).

--Iskra Delta (Ljubljana) is established in Austria, where it produces the 8-bit Partner (128 K) microcomputer. In its own country, it manufactures the 16-bit Delta 800 minicomputer (up to 4 Mbytes of memory). It has just signed an agreement with Sinclair for the manufacture of 2,000 Spectrum ZX units.

Iskra Delta has designed and built its own domestic computer, the H 84 (16 to 32 Kbytes of memory), some 100 or so of which have already been installed on an experimental basis in schools. As the representative of Digital, it exhibited at the last Interbiro the Microvax 1, PDP 11/73 and the All in One (AB/VAX) integrated office automation system.

And very recently, it signed a protocol of agreement with ITT, covering technical cooperation and marketing in various domains: Software engineering, fiber optics equipment, voice synthesis and recognition, semiconductors and digital transmission.

--Javor (Bitola), which represents the Bulgarian company Sofia Isotempex, now manufactures the Bit 1016 and Bit 53 minicomputers. It also imports 3M magnetic tapes, which it reexports, after some tests, to Bulgaria, the Soviet Union and India.

--Juntel (Ljubljana) manufactures the EP 45 Tracer and installs the equipment of the American firm Calcomp. Masinokomerc (Belgrade), a well-known commercial agent in Yugoslavia, has just signed a contract with SMT [expansion unknown] for the distribution of Goupil systems, particularly Model 3.

From Sarajevo to Calgary

--Metalka (Ljubljana) cooperates with MDS [expansion unknown], and produces, in its Medjimurjeplet plant, the S 1000 (64 K) microcomputer and P 1000 terminals adapted to Digital, Sperry and IBM systems.

--Micronic (Zagreb) manufactures jointly with the Austrian firm Zema new personal computers. The Twin model includes an expandable memory up to 192 K and a 32-K ROM.

--Novkabel (Novi Sad): The most recent version of the 20 Series, Model ERA 20 M (produced jointly with Videoton), accommodates from 4 to 8 terminals, and includes a 64-K memory expandable to 512 K and a 30-Mbyte Winchester disk drive. The ERA 60's capacities have been increased to 1 Mbyte for the main memory and four 50-Mbyte disk drives.

--Robotron (Berlin) is the largest importer of accounting and billing systems, with some 140,000 units. At Interbiro, the East German firm exhibited, in particular, a new hotel-reservations system and an automatic bank-teller window.

--Svjetlost (Sarajevo), which already represents some 20 firms, has just added to its catalog the distributorship for the products of the Japanese firms Fuji and Mita. The latter specializes in the manufacture of photocopiers.

The feature attraction exhibited at Interbiro by Svjetlost was, beyond any doubt, Rotaprint's Sprinter offset duplicator, which can print and run off 25,000 pages an hour.

--Technicar (Zagreb) developed, together with the University of Zagreb, a specific program for the Olympic Games at Sarajevo and Los Angeles.

It has just sold the package to the City of Calgary (Canada), where the forthcoming Winter Games are to be held, for the sum of 750,000 Canadian dollars. It also manufactures the TER A3 office computer (64-K memory and 20 M on disks).

Apple Compatibles

--Tovarna Meril (Slovenj Gradec) has designed and built a new version of the Kopa 2500 modular system. Based on different processors, the five existent models offer a memory ranging from 64 Kbytes to 4 Mbytes. The latter includes an 8-M ALU [arithmetic logic unit].

--Tvornica Racunskih Strojeva (Zagreb) is developing the TRS 703 line of office computers and peripherals, including a printer operating at 180 cps, the TRS 901 terminal, and the asynchronous TRS 838 which emulates the IBM 3101.

--Unis (Sarajevo) manufactures under license the NCR 9020 interactive system, and is preparing to produce the NCR personal computer. Unis exports 150,000 Lettera 35 machines to Italy against imports of Olivetti electrical machine components.

Produced in cooperation with Olympia, the Standard and Professional models are available on the market.

--Velebit (Zagreb), which represents numerous foreign companies, has begun new joint production ventures. Thus, Ivasim (Ivanic-Grad) has launched the Ultra (64-Kbyte) microcomputer, and particularly the Z 3 models, fully compatible with the Apple IIc.

Velebit also exhibited at its stand the Lisa 2 and the Macintosh. In addition, it markets Cincom Systems's software and has just signed an agreement with Hitachi concerning high-capacity disks.

--Videoton (Budapest) organizes export for Hungarian companies. At Interbiro it exhibited particularly the SM 52/10, which includes a 1-Mbyte memory, a 16-Kbyte ALU, and a 50-Mbyte hard-disk drive.

9399

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