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HUNGARY

Controversy Over MSZMP Enterprise 'NEXT 2000' Continues

Spokesman Defends Management Efforts

25000432 Budapest NEPSZABADSAG in Hungarian
28 Aug 89 p 5

[Interview with Gabor Hovan, MSZMP business management division deputy director, by "D. K." on 27 August: "There Are No 'Salvaged' Recreational Facilities: Statement Concerning the NEXT 2000 Limited Liability Corporation (kft)"; place not given]

[Text] At Saturday's Alliance of Free Democrats [SZDSZ] rally on Castle Hill they were waiving Court of Registry documents, and Gabor Demszky had this to say: "In practice, the establishment of the NEXT 2000 kft [Limited Liability Corporation] will render part of the Hungarian Socialist Workers Party's [MSZMP] assets—the recreational facilities—as private property."

On Sunday we asked Gabor Hovan, MSZMP Central Committee [CC] business management division deputy director, to discuss this matter.

[Hovan] The document they showed has not yet been approved. A kft has been established under the name "NEXT 2000," with a minimal amount of 3 million forints in basic capital. This company will take over the management rights of recreational facilities. This does not mean, however, that the MSZMP wants to salvage part of its assets, and it certainly does not mean that the MSZMP intends to utilize these recreational homes in the form of private property. Nowadays, when enterprises and institutions are forming kft's for the sake of more efficient management, why shouldn't the MSZMP do the same? The MSZMP's responsibility toward its membership obliges it to do so.

[NEPSZABADSAG] Actually, what is the size of the party assets?

[Hovan] The MSZMP's fixed assets are worth 8.6 billion forints. Of this, real estate amounts to 7.4 billion forints. But during the last 30 years the party has managed the 20 billion forints it has received in the form of membership dues. This can be proven and documented. I should note here that in 1977, pursuant to then contemporary perceptions, the MSZMP voluntarily nationalized all of its property legally, and transferred it to the state. Since then the MSZMP has exercised management rights over these properties. Thus, we do have management rights to recreational facilities. We can contribute that right to the kft, and we will share every forint of profit in equal proportion with the Hungarian state.

[NEPSZABADSAG] What do you have to say about the list of recreational facilities shown on television?

[Hovan] The land law has been changed pursuant to a decision made by the National Assembly. This is not a completed case. I do not know how this document could have gotten into anyone's hands.

[NEPSZABADSAG] What is contained in the kft's founding document?

[Hovan] NEXT 2000 is a limited liability corporation. At present the party's computer network has been transferred to it. According to our plans the corporation will have a diverse profile, ranging from the commercial hospitality industry through computer services to the organization of activities. We would like to operate about 30 profiles within the organization. We intend to establish a real enterprise which functions according to the most stringent rules of the marketplace, and which includes the possibility of failure. We hope that time will prove us right.

[NEPSZABADSAG] Under whose authority was the kft organized?

[Hovan] The MSZMP presidium accepted the business management division's recommendation, agreeing with the idea that we should manage the membership's money, the membership dues. Certainly, the congress will debate the issue of party property, and one could expect to see the modernization of financial management within the party.

Hovan Press Conference

25000432 Budapest NEPSZABADSAG in Hungarian
29 Aug 89 p 5

[Article by "L. Zs.": "Still on the Issue of Party Property: Manager Turned Owner"]

[Text] As we reported yesterday in an interview with the MSZMP's expert, the NEXT 2000 kft was established with 3 million forints of founding capital. The purpose of this is not to salvage MSZMP property, as is assumed by several opposition groups, but rather to establish modern management methods.

At MSZMP headquarters yesterday afternoon Gabor Hovan, business management division deputy director, told the press that in 1977 the MSZMP voluntarily donated to the state 8.6 billion forints worth of fixed assets and 7.4 billion forints in real property, and that since then it has exercised only management rights over these properties.

Responding to questions, the CC deputy division director said that the MSZMP authorized NEXT 2000 to perform management functions. The managing director of the corporation is Dr Janos Jarai, head of the Borsod County Party Committee business management division. The managing director will develop the organization of the corporation in the near future.

Responding to the question of why the MSZMP chose this form, Hovan said that they considered this more modern and more efficient than a corporation.

Another question pertained to the issue of whether the MSZMP would lose its credibility, since dialogue stalled on the issue of MSZMP property, while at that time the firm NEXT 2000, which was registered on 9 August, already existed. In response, Hovan stressed that even the Independent Lawyer's Forum, which could hardly be accused of being biased, had determined that from a legal standpoint the structure of the NEXT 2000 kft was flawless. The MSZMP must manage itself just as any other organization, thus the party is endeavoring to operate its assets more efficiently. Regarding the issue of why the MSZMP did not announce the registration of the new firm at the roundtable negotiations, Hovan said that the party had already learned the unwritten rules of the business world and will not chat about matters in progress. In answering the question of why the business profits of properties transferred to the state in 1977 benefit the MSZMP and not the state, Hovan underscored that although the assets became the property of the state, the state bestowed management rights upon the MSZMP. The MSZMP can proceed in the government's place or name in such matters—NEXT 2000 kft will share its income with the state. Following a deluge of questions this reporter will take the risk of making the following statement: The end of the press conference concluded the matter only temporarily.

The managing body of the SZDSZ developed a position concerning the matter of the NEXT 2000 kft, established by the MSZMP CC.

Miklos Haraszti, an SZDSZ spokesman had this to say about the SZDSZ position: According to the unanimous view of the Alliance, in order to prevent maneuvers similar to the establishment of NEXT 2000 kft, the MSZMP's real estate holdings should be sequestered before they become irrevocably lost for the public. The SZDSZ calls upon independent National Assembly representatives to propose that the National Assembly place the subject of sequestering the assets of social organizations on its agenda for the next session.

Real Estate 'Not Part' of Capital

25000432 Budapest NEPSZABADSAG in Hungarian
31 Aug 89 p 4

[Unattributed article: "NEXT 2000 Capital Does Not Include Real Estate"]

[Text] Since the SZDSZ publicized the fact that the MSZMP CC had established NEXT 2000 kft, several reports have seen the light of day. These are sometimes contradictory, and could on occasion be misunderstood. They pertain to the composition of the kft's founding capital. Henrik Hartay, chairman of the Budapest Court, informed MTI editorial offices concerning the circumstances of registration.

Hartay said that the limited liability corporation applied for registration at the Budapest Court of Registry, consistent with the contents of a founding document dated 23 June, and with a founding capital of 2.9 million forints. Of this founding capital 1 million forints were to be contributed in cash, and 1.9 million forints in other assets (contributions), i.e. a computer with various accessories. The entire founding capital constitutes the business share of the MSZMP CC which founded the kft.

For various reasons the court returned the application for registration, so that missing information could be provided.

On 28 June the kft increased its founding capital by a total of 1.162 billion, 370 thousand forints in the form of real estate and other computer value, and sought the registration of this fact from the Court of Registry. The kft attached to the application a statement issued by the MSZMP CC to the effect that the CC transfers the ownership of real estate to the kft.

The court rejected the part of the request which concerned the increase in founding capital involving the transfer of real estate ownership. Pursuant to the amended land law, the MSZMP CC, in its capacity as a social organization managing real estate, cannot transfer the ownership rights to real estate. On the other hand, there are no legal impediments to raising the founding capital in other ways. The court called the kft's attention to the fact that the founding capital may be increased by the value of the computers. Such an increase, however, must be petitioned anew.

Following receipt of the missing data, the court registered the company on 9 August, with the original founding capital of 2.9 million forints. Accordingly, the kft's founding capital does not include the above-mentioned real estate. In conclusion, the chairman of the Budapest Court emphasized that the proceedings of the Court of Registry were consistent with the law in every respect.

New Style at Zala Reform Party Organizations

25000433 Budapest NEPSZABADSAG in Hungarian
28 Aug 89 p 6

[Article and interview with Dr Laszlo Vari, Zala county party chairman and Nagykanizsa lawyer, by Katalin Kekesi: "Did They Overwhelm Themselves By Winning Too Well?—'The Most Beautiful Mission,' according to the Zala Board Chairman"; date and place not given]

[Excerpts] [Passage omitted] The gate of the party building is open, no one guards it. [passage omitted]

At a local party committee they are drafting a letter to the county newspaper to deny charges made against Communists, but the newspaper's editorial office has closed the debate. Three choices appear to exist. One is to sit down with the authors or representatives of the

incriminating writing and chat with them. This recommendation is not favored unanimously by the old "Bolshies," as they call themselves. Some are reluctant. They feel that the greenhorn debating partners are not worthy of discussion. Others are uncertain. The recommendation seems to hit rock bottom. It is Laszlo Vari's turn. Sit down with them, clear up the misunderstandings, debate! This is a suggestion made in a persuasive tone of voice, not a directive from the top. They ponder it, then agree: All right, we'll try. Then they ask a question of the leaders present. What can we do to keep the Hungarian Socialist Workers Party [MSZMP] from falling apart? What will the position of the national party leadership be at the congress?

The chairman responds briefly. The party is not falling apart, it is in upheaval. We are the party, its fate depends on us, he says. I trust that everyone will represent his own position in Congress, and then those present will decide where to stand—the chairman's prognosis on Congress. He receives some more encouragement, some warm advice, some respectful criticism. Following the session they surround him for a little chat. Thus far their meetings have not been honored by the presence of a county leader.

On our return trip to the county party committee I asked Vari this question: How could you let the comrades' letter pass by? Certainly you would have something to argue with.

[Vari] What they think is important. They are living their own lives in the movement, they are concerned about the party. They are part of the kaleidoscope that is being composed. [passage omitted]

"The trouble is that we are always looking for excuses for why things will not succeed," he explains in his room at the party committee. [passage omitted] "In my mind the fact that the TASS news agency Budapest correspondent, the deputy secretary from the American Embassy, and a reporter from a large Japanese newspaper flew here from Warsaw to see what we are doing represents a message. Hardly any interest is shown by our own leaders and by the counties. But by now they should accept the fact that 'something has happened on this street.' When even a Japanese reporter mentions a political bomb and a democratic breakthrough, when the Soviet journalist recognizes great opportunities in the Zala model, and when the American diplomat says that this is a pleasant surprise, perhaps our experiment deserves some attention in Hungary.

"At this time the model is undergoing its test run. The fact that many who remained in the party out of spite now see that their decision was correct represents a great human experience, and a great experience for the movement. If we do not accept the task of acknowledging their confidence, who will? All of us are taking historic steps. To take these steps we must set the party in motion. We must be among the membership and with the membership if we indeed want to build on the membership." [passage omitted]

"It is obvious that the reform circle movement has solidified nationwide. It is bringing up more and more from its treasure cove. More and more theoretical theses and organizational and program proposals are seeing the light of day. It will be the congress' task to condition the membership for their acceptance. Somewhere the ideals of reform have gotten hold of them, and thus far only the intellectual capacity has been missing. The emotional resonance already exists. Whatever takes place at the congress, however large the polarization, we will continue to remain a collective party. But hidden energies may be unleashed."

[NEPSZABADSAG] What is the greatest challenge the new leaders face?

[Vari] The most difficult thing is struggling with paralysis. This paralysis was inherited, we did not create it. Shallow intellectuality, the revelation of public morals and of private crimes, has caused shock. The membership often does not recognize even its own interests. Therefore we must present an active example, we must build a political sphere of strength into the people. We must make them understand that socialism is not merely an abstract ideal, but it also means a relationship between human beings, one we reproduce on a daily basis. This word has magic power. All we have to do is to grant everyone the right to interpret what the word socialism means to each of them. This is what our work is about.

Our urgent task pertains to the approaching special election, to the party conference, and to the election of delegates to Congress. Appraising the candidates is an elementary need; the county has become a virtual battlefield. The ideal of reform circles is forging ahead. In a decisive majority of the cases representatives of reform circles are receiving confidence. But the appraisal of the party as a whole takes place in the course of the elections to the National Assembly. Everything else is subordinate to that event. There is a bitter struggle here, and regardless of our good relations with the opposition, in this case we are tough rivals.

[NEPSZABADSAG] How would you characterize the new style you want to instill here?

[Vari] There is no separate concept for this. Therefore I would like to convey the sense of what we are trying to achieve by telling a little story. Not too long ago a church was dedicated in a new part of Nagykanizsa. Party members worked on its construction. My family and I got dressed. I wore an appropriate dark suit and we were off on our way to church to attend the dedication ceremony. We were introduced to the Bishop of Veszprem. He gave his blessings to my activities. I had already received a Papal blessing when I was in Rome. But I can also make use of a bishop's blessing.

If it were up to me I would favor adopting the style of Italian Communists: that easy going, attractive political activity, close to the people.

YUGOSLAVIA

Serbian Official's Visit to Munich Arouses Controversy**'Hegemonistic Separatism' Charged**

28000170 Zagreb VJESNIK in Serbo-Croatian
29 Jul 89 p 3

[Article by Vjekoslav Krsnik: "Serbia's Consul in Munich"]

[Text] The great masters of manipulation and the creation of mass psychosis, according to the already proven prescriptions from the historical workshop through which numerous countries and areas have passed, showered by totalitarian propaganda that has always been exposed in the end as a common bluff, will never reveal the final goal of their verbal exhibitionism. It may happen to them, nevertheless, that in their zeal for deceiving the masses and the public they may fall into a characteristic psychoanalytical slip that exposes them, in the way that the child, by shouting "The Emperor is naked," exposed a general deception in Andersen's well-known tale.

Something similar happened last Tuesday in Munich, where, as reported by POLITIKA, Dr Aleksandar Prlja, the Serbian SR's Republic Secretary for Foreign Relations, on the same day when the "official proposals of Serbia and President Milosevic on necessary reforms of Yugoslavia's political and economic system" were published in Belgrade, organized a debate on those Serbian proposals in the International Press Center. First of all, one should ask a general question: is the presentation of Yugoslav internal political themes on the foreign policy level a matter for Yugoslav diplomacy, or has Serbia, in its hegemonistic separatism, already gone so far as to think that its "foreign minister" can already appear by himself on the international scene? Is this a precedent, and can the Slovenes, Croats, Montenegrins, Bosnians, and Macedonians, for the sake of their own interests, appear on the international stage to present their own views on how to solve the Yugoslav domestic crisis? It is sufficient merely to recall the kind of uproar raised by the Belgrade press when Janez Stanovnik stated his views on the situation in Yugoslavia during his visit to the United States. In such a hypothetical situation, but a possible one, as shown by this Munich incident, what use would the Federal Secretariat for Foreign Affairs be? It would probably be a service for carrying the conflicts taking place on the domestic political scene over into the international arena.

In the above-mentioned debate, Dr Aleksandar Prlja, using the style that he announced in his inaugural speech as the newly appointed Republic Secretary for International Affairs, aggressively explained the basic propositions of the above-mentioned document. Among other things, he said that it had to be clear to everyone that the present system, in which there was no direct voting or direct democracy, did not suit modern times. Dr Prlja

did not explain whether this also applied to Serbia, or whether direct voting and direct democracy were a theoretically and practically new type of democracy discovered in Serbia through the so-called manifestation of the people. Dr Prlja tried to convince the other speakers that "there had never in the postwar period been more freedom and expression of different public opinions in Serbia, or in Yugoslavia either." As far as Yugoslavia is concerned this is true, but as far as Serbia is concerned, those who express different public opinions, if they can voice them publicly at all, are exposed to all sorts of persecutions, if those opinions do not agree with the prevailing policy. The Republic Secretary for Foreign Relations stumbled the most over the question of political pluralism. To any Westerner, there can only be one answer here: whether it will exist, or not.

According to Dr Prlja, different forms of ownership will inevitably result in "some new forms of political pluralism," and so "the process is taking place within the framework of Yugoslav society and must take increasingly more fragmented forms, without inciting anyone, but constantly opening up new and genuine democratic prospects." Such an explanation will scarcely be able to satisfy his West German collocutors, accustomed to clarity of speech, and so their articles will probably also be biting, just as they have been in the past with respect to Serbia, something which, after all, induced the Serbian foreign minister to begin his international political offensive precisely in West Germany.

The fact that this was exclusively "Serbian business," as Brana Crncevic would say, was indicated by Belgrade's POLITIKA. The final passage from its contributor in Munich literally says, "After the talk at the International Press Center, which undoubtedly partly alleviated the various falsehoods, often launched from Yugoslavia itself, about the real essence of the changes in Serbia and the policy of its leadership, a luncheon was arranged by Dr Mitic, *Serbia's consul general in Munich*."

Naturally that "Serbia's consul general" is a slip, but it is a vital Freudian slip, which in a not so insignificant detail exposes the deception being offered to the Yugoslav and world public. If the POLITIKA correspondent in Munich made a mistake, his article had to pass at least another five pairs of eyes—the stenographer, typist, editor, reviewer, proofreader, and corrector. One should not, then, be surprised by those deluded youths who have been causing incidents in Dalmatia these days by shouting "This is Serbia, down with Croatia," when the nationalist-hegemonistic hysteria, wholeheartedly encouraged by the publishing house of which POLITIKA is the leading paper, has gained so much momentum that even abroad Serbia is intending to supplant Yugoslavia. Or is it only a sign of a normal sequence of events, because of the incompetence of all the factors which constitute the Yugoslav federal community and which are responsible for protecting it as such, and for halting such an anti-Yugoslav trend, regardless of its motives, source, and originator? Who will finally shout, "The Emperor is naked"?

West German Sources Cited

2800170 Ljubljana DELO in Slovene 28 Jul 89 p 16

[Article by Marjan Sedmak: "Prlja's Public Outing"]

[Text] From our correspondent, Bonn, 27 July—"For a long time, Yugoslavia has acted because 'Tito acted,' but now it is necessary to provide for the kind of postwar system that will make it possible for different peoples in Yugoslavia to live together; the main goals are now democratization and the 'suitable' promotion of a market economy."

These and other positions were presented a few days ago in the Munich press club by Aleksandar Prlja, "the Serbian Republic's foreign minister" (that is how SUD-DEUTSCHE ZEITUNG, one of the supraregional newspapers, noted that event, although substantially more briefly than Belgrade's POLITIKA). In that connection, the Bavarian newspaper cites a document that was supposed to contain the still unpublished Serbian proposals for Yugoslav reform, proposals whose aim was supposed to be achieved through constitutional changes in particular, so that the "party state would become a community that would be based on the law and the constitution, and in which there would not be any need for ideological foundations," stated SUDDEUTSCHE ZEITUNG, adding that it had an English version of that important and still unpublished document in its editorial office. The newspaper at the same time stated that Prlja angrily rejected the view of Serbia that is now very widespread in Western Europe, that its government is a Stalinist and nationalist one-party system: the demands for democratization and promoting private property and market mechanisms are just as much present in Serbia as they are in the "supposedly" more developed republics of Slovenia and Croatia, according to Prlja.

That appearance by Prlja before the Bavarian press was organized by the Yugoslav Consulate General in Munich (whose chief was rechristened by Belgrade's POLITIKA in its extensive report as the consul general of Serbia, from which proponents of Freudian analysis would conclude a great deal, and perhaps too much).

Prlja's West German public outing did not make much of an impact, and thus probably missed its goal, which was portrayed by the FRANKFURTER ALLGEMEINE ZEITUNG at that same time as the "discomfort" of the Serbian political leadership with the fact that Western public opinion is taking an increasingly resolute stand against the Serbian policy in Yugoslavia, and as "Serbian propagandists' juggling with words."

The Frankfurt conservative newspaper began its extensive analysis of the latest developments in the situation in Yugoslavia with the warning voiced some time ago by Italian Deputy Prime Minister De Michelis (a socialist), who said that political systems in Europe were developing more and more in the direction of federalism, and that Yugoslavia's federal constitution was the only

means it had available to keep ethnic and other differences under control. In contrast to this, however, Serbian leader Milosevic could probably no longer even bring himself to say the word "federal" in speaking of Yugoslavia. The newspaper furthermore pointed out that recently, at the time of the violent overthrow in Kosovo, there had also been a reversal in Western views of the events in Yugoslavia; whereas a short time before many diplomats in Belgrade considered the Slovenes to be separatists and disturbers of the peace, Serbia and Milosevic were now in that negative role, and the above-mentioned juggling with words was already appearing, when Milosevic talked about a modern state when he was thinking of a centralist one, and when he stated the principle of the equality of peoples, which applied to the Serbs in Kosovo and Croatia, whereas that same principle did not apply to the Albanians and their autonomy. The newspaper furthermore quoted General Kadijevic, who opined a short time ago that the causes of the crisis were in the constitution, and refuted the general by noting that the crisis actually broke out at the same moment when part of Yugoslavia no longer wanted to recognize that constitution and when it attempted to impose its position by force.

FRANKFURTER ALLGEMEINE ZEITUNG thinks that although the armed forces are portrayed as a stabilizing factor, some of their recent statements have intensified the tensions more than they eased them. To be sure, in his recent statements General Kadijevic did not put himself on Milosevic's side, but he also took a stand against democracy and pluralism. "That creates an additional uncertainty; the army must now defend itself against criticisms that it is seeking a 'Chinese role,'" FRANKFURTER ALLGEMEINE ZEITUNG stated.

Continuing, FRANKFURTER ALLGEMEINE ZEITUNG stated that two blocs had emerged in Yugoslavia, on one hand the so-called Serbian zone, consisting of Montenegro and Macedonia in addition to Serbia, with Kosovo and Vojvodina; that "Greater Serbia" allegedly wanted to free itself from the federal authorities and at the same time achieve hegemony over all of Yugoslavia. That bloc was allegedly opposed by the advocates of a federal system, Slovenia, Croatia, and Bosnia-Herzegovina. The Slovenes were supposedly criticizing the Croats for contributing, through their long silence, to the federal authorities' capitulating to Serbia with respect to the Kosovo problem, and the events in Knin allegedly now represented a "cold shower" for that Croatian policy. Croatia supposedly—according to the analysis by FRANKFURTER ALLGEMEINE ZEITUNG—was relying on Prime Minister Markovic and its economic weight in Yugoslavia, although Markovic's government was now under concentrated attack from Serbia, as a result of which it was doubtful whether it would be able to carry out the three reforms it had announced. If it fell, Markovic would be succeeded by a Serbian representative from Milosevic's circle, and that would mean a return to a system of state capitalism.

The newspaper next described the opposition that Slovenia was offering to such a development (also with the concept of an asymmetric federation), and furthermore noted that that opposition had not been without effect: doubts about the sense of Serbia's policy were also appearing in Macedonia; the Serbian regime had to defend itself against criticisms that by conducting a campaign against the 1974 constitution it was also campaigning against Tito; and the state presidency, "under the non-challenging but persistent leadership of the Slovene Drnovsek, in spite of the unfavorable balance of power, had achieved the cancellation of at least some of the emergency measures in Kosovo."

Academician Views Unconstitutionality of Isolation Measures

28000173 Belgrade BORBA in Serbo-Croatian
19-20 Aug 89 p 14

[Article by Gazmend Zajmi, member of the academy, Pristina: "Life in the Presence of Authority"]

[Text] The Yugoslav public is already aware of the fact that the measure referred to as isolation—detention "in a particular place," which actually is the measure of imprisonment, as is eloquently indicated by the "isolatees" who have been locked up and kept in prisons in SAP Kosovo and SR Serbia, has been invoked toward a certain number of citizens of the SFRY of Albanian nationality (most of them from the ranks of the technical intelligentsia) during the period of emergency powers in Kosovo, with reference to Article 43 of the Law on Internal Affairs of SAP Kosovo (SL. LIST SAP KOSOVO, No 46, 1987). The discussion concerns a form of imprisonment based on the discretionary power of administrative agencies, devoid of proceedings as to proof of the victim's guilt.

The measure of "isolation" along with its assumed coverage in the restrictive constitutional institution of "restriction of freedom of movement..." occurs in exceptional cases (especially in the way it is specifically enforced) not only as an arrest, but also as its most drastic form in which the victim is placed in a merciless and degrading position of having lost his rights in the face of authority, is placed in a position of extreme powerlessness, even if he attempts to prove his innocence (since he no longer enjoys the assumption of innocence of the civilized world), by the very fact that the authorities are freed of the obligation to prove the victim's guilt, thus depriving him of the elementary basis of defense in the face of repression by the official authority.

Regardless of the circumstances in which it is implemented, this type of confinement of "suspects" at the discretionary right of administrative authorities has an impact on the entire population, creating a widespread panic of human insecurity in the face of unrestricted "reasons of state." Under these conditions, isolation hovers like a broad following shadow over every citizen who indulges the "luxury" of thinking other than he is

supposed to about official truths, especially those which take on the content of imposed truths through a dislocation and distortion of the fundamental values of the system and of human society.

Up to now, it is certain that the measure of "isolation" has been more disputed in the Yugoslav public because of the stigma attached to the way the law is actually implemented, because the law is being implemented harshly, than in terms of questioning the very law that is appealed to when the measure is invoked. However, a close reading of the critical provision of the law concerning enforced "stay in a particular place" leads one to the unambiguous conclusion that this provision of the law both in the way it is stated and in what it prescribes and what it omits to prescribe as mandatory in the domain of defense of the individual and limitation of power, contains certain components of unconstitutionality, at the very least because of exceeding the allowed limits contained in Article 183 of the SFRY Constitution concerning limitation of the freedom of movement and residence under circumstances that are specifically enumerated. We are firmly convinced that the cases of unlawful imprisonment that have been described have occurred both because of the unconstitutionality of the legal institution of enforced stay "in a designated place" and other related things and also because of a further unconstitutional and illegal broadening of the repressive content of this legal provision in practice: designation of the prison as the "particular place of residence," conduct of investigatory proceedings against the "isolatees" with no legal basis and in an unlawful manner, and so on.

A more detailed structural analysis of the legal provision concerning isolation makes it possible to establish its unconstitutionality in five dimensions.

That legal provision states the following by way of what is essential from the standpoint of concrete legal analysis: "If the Presidency ascertains that exceptional troubles in the province have occurred that are threatening public order...the Executive Council will adopt a decision under which the provincial secretary will order persons whose activity is directed or when there is warranted suspicion that their activity might be directed toward threatening public order to remain in a particular place...."

"The measures...may be continue as long as the circumstances which led to their being invoked.

"The order...may be appealed within a period of 3 days to the Executive Council, which will treat it as urgent business.

"The order...may not be contested in an administrative dispute."

The dimensions of the unconstitutionality of the provision of the law referred to lie in the following facts and arguments.

1. Enforced "stay in a particular place" exceeds the limits of the Constitution in its concepts and definitions and is compatible with the conceptual content of the constitutional expression: "restriction of the freedom of movement and residence" (Article 183, Paragraph 2).

As for restriction of the freedom of movement, its most extreme form might be a prohibition against leaving a place of residence previously chosen or where the person happens to be staying so long as the measure of restriction of movement persists, but not forcing someone to leave or to be taken away and confined in another "particular place" where he has not previously resided, nor has he chosen that place himself.

2. The vagueness and evasiveness of the legal expressions: "...in a particular place" and "warranted suspicion that a person's activity might be directed to threaten public order," because of the discretionary and arbitrary burden they carry, are contrary to the restrictive approach of the Constitution to the restrictive institution of "restriction of freedom of movement" in view of the constitutional guarantee of freedom of movement and residence, and here we should not forget that the second paragraph of Article 183 of the SFRY Constitution, which speaks only about the possibility of restricting freedom of movement and residence under exceptional circumstances, is preceded by the first paragraph, which contains the main constitutional instructive and explicit pronouncement guaranteeing the freedom of movement and residence.

The unambiguous answer to the question in the theory and practice of constitutional law as to whether vagueness and evasiveness of legal expression can be a component of unconstitutionality is this: yes, and that in a case when the vagueness and evasiveness of expression allow (and encourage) a broader scope of restriction (all the way to confinement) of human rights than those restrictively allowed by the Constitution.

Also, the legal expression concerning possible impermissible activity of some person is described with extreme vagueness and evasiveness, thereby, in a constitutionally impermissible way, by virtue of the law, furnishing the administrative agency exceptional power and pushing to extreme limits the impermissible arbitrariness of action of the authorities so that a citizen may be "isolated," i.e., in actuality imprisoned not even on the basis of suspicion of what he might have committed, but on the basis of suspicion of a hypothetically possible commission, that is, of a "commission" which does not exist.

3. The legal provision concerning "isolation" that is in dispute annuls the right to defense as an inalienable right of the individual in any form of proceedings instituted and conducted against him, or that right is reduced to a negligible minimum, which encroaches on that category of human rights and freedoms which cannot be restricted both under the SFRY Constitution and also under the

International Covenant on Civil and Political Rights even under exceptional circumstances or when emergency powers are invoked.

The "isolatee" is taken away by force, is "isolated" in a "particular place" unknown to him, deprived of communication with the outside world and during the next 3 days of "isolation" he must meet the deadline for filing an appeal if he wishes to exercise that right—which is actually nullified by the fact that the substantive element of the charge on grounds of suspicion does not exist, so that the victim is deprived of the element on which to base his defense. When we have this in mind and the particular conditions hindering the "isolatee," it is understandable that according to data from the news media which has not been denied, only one-fourth of the "isolatees" have managed to file appeals (rejected one after the other), which is a kind of statistical paradox in the world of jurisprudence in connection with penal sentences.

It is worthwhile on this occasion to recall the binding provisions of the SFRY Constitution concerning the inalienable right to defense (Articles 180 and 182 of the SFRY Constitution) and the corresponding suggestions of the International Covenant on Civil and Political Rights. That international document on the one hand directly prohibits any restriction of the right to defense under any exceptional circumstances and conditions, while at the same time it prescribes the obligation of guaranteeing the victims effective legal remedies.

Since repression (only when it is warranted and reasonable, of course) is a "necessary evil," a necessary exception to the human rights and freedoms which are the main pillar of the essential constitutional concept, it is self-evident that the absence of self-restriction of authority and also the absence of a mechanism for defense of the individual in the statutes establishing and regulating pronouncement and application of repressive measures is an inevitable feature of the unconstitutionality of a statute.

4. The provision of the law in dispute, contrary to Article 203 of the SFRY Constitution, which explicitly guarantees judicial protection of the freedom and rights guaranteed by the Constitution, precludes an administrative dispute.

It is true that the title of the Constitution "concerning constitutionality and legality" envisages in Article 216 that as an exception to the law an administrative dispute may be precluded in certain types of "administrative matters," however, the area of restriction of freedom does not fall in any particular category of administrative matters for which precluding an administrative dispute might be envisaged as an exception.

5. Since the Constitution has not adequately described, or put still more accurately, has not described at all the institution of "emergency situation" or the institution of "emergency powers" (the Constitution makes no terminological distinction among "emergency situation,"

"emergency powers," and "special powers"), the provision in dispute concerning isolation in the laws on internal affairs of the federal units, the agencies of the federal units, in the absence of a nominal statement about the "emergency situation," which is contrary to the country's international obligations under the Covenant on Civil and Political Rights, in actuality grants the relevant government agencies of the republics and provinces the right to institute emergency powers in their

jurisdiction, the restriction of the freedom of movement and residence "because of a threat to public order" presupposes prejudicial official affirmation by those authorities that exceptional conditions threatening public order have come about, and official publication of the decision to that effect with no obligation (under the letter of the law) of joint decision with the competent federal authorities in the domain of preserving public order.

GERMAN DEMOCRATIC REPUBLIC

Civil Defense Head Cites Training Goals

23000232 East Berlin SCHUETZEN UND HELFEN in German Vol 9 No 3, Jul 89 p 2-3

[Article by Lt Gen Fritz Peter, chief of GDR Civil Defense: "Continued Upgrading of Defense Against Catastrophic Damage"]

[Text] The 40th anniversary of the founding of the GDR is also a significant milestone for Civil Defense employees and volunteers as the SED's [Socialist Unity Party of Germany] 12th Party Conference approaches. Inspired by Thaelmann's example, we are preparing for the anniversary of the republic, our objective being an upgrade in operational readiness and performance of the staffs, units, and installations of the civil defense.

The members and volunteers support the efforts made by the workers, the government, and economic agencies, as well as those made by social organizations, to improve disaster control.

Based on the recognition that a politically stable, economically strong and productive socialist German state in the heart of Europe contributes to the maintenance of peace, the protection of life and property gains greatly in importance. Everything achieved by our people through hard work must be preserved, must be of benefit to the workers and to the great cause of socialism. It must therefore be well-protected. This commitment has an impact on the activities of all those engaged in civil defense.

Considerable achievements have been made under the leadership of the party of the working class, in close, trusting collaboration with all members of our society.

Defense against catastrophes and disaster and dealing with their effects has been widely integrated into the management efforts by the heads of factories, enterprises, installations, and cooperatives. The civil defense staff of the town of Ruhla comes to mind here. In early December of last year, its members worked around the clock for 6 days to cope with the effects of widespread freezing causing extensive icing of the roads. They did an exemplary job, inspired by the superior performance of the mayor of the town, Comrade Dieter Quendt.

Remarkable progress has been made in civil defense-specific training of cadres, of members of the civil defense units, and of other workers. Particularly meritorious efforts were made in this by the national education agency, institutions of higher education, the training facilities of industry and central government agencies, as well as the "Otto Grotewohl" Institute and the district civil defense schools.

Catastrophes and disasters repeatedly caused rather complex situations to be faced by state and economic agencies, a large variety of alert forces, and workers in

industry and agriculture. Comrades Ingo Michel, Gerhard Waider, Harald Krah, and Juergen Werner from the Bad Salzungen district and their units performed splendidly during their tour of duty in dealing with the effects of a mine cave-in in the Merkers potash mine.

Excellent work was done in all these situations by the headquarters, staffs, units, medical personnel, and energy and water supply workers to limit the damage and to bring the situation back to normal. They are led by very experienced commanders. One example is Meritorious Civil Defense Member Comrade George Findeisen, who has been a member since 1958 and who has for the past 12 years been the head of a unit in the Rostock district which was awarded a Civil Defense Flag 6 years ago.

To put it in a nutshell: We have good reason to be proud of the achievements made in fulfilling the social mission of civil defense.

The members and honorary members of civil defense are making a conscious contribution to the development of a socialist society in our country. In this manner they participate in the struggle for securing world peace. Their actions, in their defense activities as well as in fulfilling economic plans, bear witness to their unshakable conviction of serving in a good cause.

Experience teaches us that the ambitious aims of politics aimed to benefit the people can be achieved only through deep commitment. Which is why the initiatives toward the upgrading of protection against catastrophes and disasters are basically oriented toward the strengthening of our German Democratic Republic.

Our readiness to do our best for our peaceful socialist state is at the same time a commitment by civil defense members and volunteers to the policies of the SED and to our workers' and peasants' state.

It is becoming increasingly clear that reliable preventive measures exert considerable influence upon production security and reliability of supply, as well as upon a functioning infrastructure. At the same time, they strengthen the feeling of safety and security among the urban and rural citizens.

Civil defense responsibility to preserve as far as possible the process of dynamic development of the economy against disturbances and damage continues to grow. That is the reason why we consider it the most important part of our mission to use measures to improve the protection of the population and the economy against everyday hazards, in close cooperation with firefighters, medical personnel, the Red Cross of the GDR, water supply agencies, energy and traffic authorities, and other specialized groups, to make our special contribution to the attainment of the main objective in its unity of economic and social policies, toward the strengthening of the GDR and its influence.

Our contribution will increase if we continue to succeed in concentrating our efforts on such matters as:

- the training and education of those who bear personal and social responsibility for civil defense;
- the observance of laws, standards, parameters, and technical discipline in the productive and working processes;
- the examination of production processes and the technical infrastructure system for deficiencies, with appropriate follow-up measures and rules of action in case damage has occurred, with specific emphasis on preventive measures;
- upgrading the organization of all-over cooperation of those ready to engage in disaster control, and their advanced training. Accomplishing these tasks exerts a decisive impact upon continued reliance on civil defense for disaster control. The principles of continuity and innovation will also be strictly observed in the future. Everything which has proven effective and useful in the organization of the protection of life and property will be preserved and further developed. It is no less important to discard everything which is detrimental to providing effective protection.

The social mission of the civil defense can be fulfilled only through active, creative efforts at all levels of society. In this respect, we are happy to note an increase in initiatives and activities as the GDR's 40th anniversary approaches. Among the great number of examples of this, let us highlight the excellent results of Civil Defense's Third Exhibition of Innovations. In a superior manner, it demonstrated the extent to which civil defense measures have been integrated into social processes and have triggered new impulses for a more effective planning of our protective measures. As a matter of fact, the growing demands made on civil defense are opening great opportunities for innovators, inventors, and efficiency experts.

In view of the great impact and the many initiatives resulting from the appeal by this year's competition challenge of the civil defense, the unit led by Comrade Dieter Rottstedt of the state-owned Weimar-Werk, we can permit ourselves great optimism, expecting that civil

defense members and volunteers will contribute significantly to the republic's birthday with their achievements in upgrading the protection of the population and the economy.

We will celebrate this historic event a few weeks from now. The closer we get to that date, the more dramatic the insight we gain of the significance and impact of all that has been initiated and achieved on German soil by the foundation of the workers' and peasants' state.

We can note with pride that for over 30 years civil defense has contributed to implementing the policies of the workers' party for the benefit of the people. It deserves its share of the credit for bringing these policies to fruition and for the fact that our peaceful socialist state provides its citizens with safety and security. If the GDR is highly regarded throughout the world, the achievements of civil defense are included in this estimation.

The members and volunteers of civil defense will continue to make their best efforts and will not shrink from any exertion. In anticipation of the 12th SED Conference, we are setting new and greater objectives and will continue in the socialist competition without interruption. Our actions, which are oriented toward effective and reliable protection of people and our material wealth, serve to strengthen our socialist German Democratic Republic.

HUNGARY

Army Reform Circles Support Military Free of Parties

25000429c Budapest NEPSZABADSAG in Hungarian
2 Sept 89 p 4

[Text] The Army's Budapest Hungarian Socialist Workers Party [MSZMP] reform circles support the idea of having armed forces without parties. At the same time they regard the deadline by which the MSZMP's basic organizations within the Army are to be transferred to residential areas as too long. In their view this condition should be achieved prior to National Assembly and local elections.

CZECHOSLOVAKIA

Slusovice Management System, Incentives Explained

24000172a Prague PRACE A MZDA in Czech
No 7, 1989 pp 25-31

[Article by Milada Stajnarova, JZD AK Slusovice:
"Stimulation Toward High Performance"]

[Text] Application of the socialist principle "From each according to his abilities, to each according to his work" was implemented right from the start in JZD AK [unified agricultural cooperative—agrocombine] Slusovice as one of the basic principles. With the passage of time the system of compensation for work performed in the cooperative has been improved and intensified so that the employees' compensation is not tied in to just the results of the cooperative as a whole, the results of the intraenterprise complex, plant, and operation, but directly to the results of his work area.

The cooperative members are not just compensated for the quantity, quality, and social importance of the work performed, but also for its results. This is a very important difference. The entire management system propagates the principle of making every employee as much as possible an active co-owner and cocreator of the cooperative's results. The cooperative employees are guided toward not only honestly performing their work activities, but also trying everything possible to achieve great effects in their work area. The participation of every employee in the cooperative's enterprise is emphasized.

The compensation which the employees are offered for their results in the cooperative is likewise not expressed only in financial terms. The cooperative carefully studies the spectrum of interests of its members and offers them the opportunity to put them to work for the cooperative. Satisfaction from the work and self-actualization are utilized in the cooperative as strong stimulators for high performance.

This overall concept of "compensation" for the results of work is understood by the cooperative not only in the ideas of social justice, but it approaches it from the viewpoint of the entrepreneurial dynamics in striving for the greatest possible economic and social results by the cooperative. The cooperative is simply looking for and utilizing the most effective motivators for activation of the enterprise collectives and employees for the cooperative's results.

The cooperative is attempting to offer its employees the kind of work that stimulates them in and of itself by its nature and the conditions under which it is performed. The chairman of the cooperative also formulates it accurately in saying, "If the employee finds work which fully occupies him, then he will develop the maximum work efforts even without the action of material, non-material, or life-style incentives. He will work and achieve high performance because the work is pleasant

for him and the results of the work motivate him to further high performance. This kind of employee works without regard to the duty hours, without regard to directives, and without regard to compensation for the work."

The cooperative offers the opportunity to satisfy the interests of the employees who strive for self-actualization. "Self-actualization is closely connected with the desire for excelling. This need shows up to varying degrees in different people, however. From the standpoint of work performance, however, it is very important for the supervisor to be able to stimulate those who do not have it to a healthy desire to be better than the others. When favorable conditions are created at the workplace, it is possible to utilize fully the need for self-actualization for motivating people's activity. The desire for self-actualization is usually the most outstanding trait of great organizers. The great organizers obviously also work for the money, but because they cannot get along without it for their needs to maneuver. In their negotiations and decisionmaking, however, money is an incidental matter for them. The decisive thing for them is the activity, the action, operations, mobilizing people, the tempo, the rhythm, and the goal—to drive events or the workplace that they manage forward, along with themselves. The compensation for them is in the internal satisfaction from the results, the internal certainty that they are the best and that they are capable of putting events into movement. A supplemental payoff for them is the recognition of their partners and the public. People who fall under the spell of self-actualization usually know only their own work."

To activate the interests of the people in the cooperative, an internal active entrepreneurial system was created. Its concept exceeds and develops the existing idea of khozraschet within the enterprise. It is a matter of creating within it an internal entrepreneurial microspace for the employees in which they can implement to the optimum degree their interests along with those of the cooperative. This can be achieved by the following measures:

- a) the construction of an economic system which would impact on the management at the moment when decisions are being made;
- b) the creation of work areas and working conditions which employees will find to their liking;
- c) the formulation of tasks which would fully absorb the employees;
- d) the formulation of tasks for every interval of time (the year, the month, the week, the day, the hour) so that the tasks would constantly envelop and stimulate the employee;
- e) a continuous evaluation of the work results of the employees and a continuous comparison of the results with the surroundings;
- f) a continuous comparison of the results with the planned optimum;
- g) immediate derivation of conclusions from every erroneous deviation;
- h) the formulation of rules which would create an

entrepreneurial space for the employees in which the employees would feel free, create their own work environment, and see the opportunities for freedom of movement.

The entrepreneurial microspace is delimited by a set of principles, rules, and measures. The managerial employee is limited only by such principles, rules, and measures as he has a direct effect upon in his actions at a given level of management. The supervisory worker through these measures becomes an informal manager in his work area at the given level of management, thus becoming an entrepreneur in his own delimited entrepreneurial microspace. The system creates a microspace for maneuvering for the supervisory employee within which he can and must take entrepreneurial actions. Each entrepreneurial microspace has an established relationship to the entrepreneurial microspaces superior and subordinate to it. It likewise has established obligations and rights in regard to the higher and lower microspaces. The entrepreneurial microspace is also limited for the employee by a contract or agreement. The results of management in each entrepreneurial microspace are determined by the activities of the supervisory employee. The employee's activities are clearly concentrated on the indicators in which both he and the enterprise have an interest. Those indicators are profit and a share in personal income.

The means by which they are achieved are high performance, savings in materials and energy, the utilization of R&D information, and thus also a high productivity of labor. The supervisory employee fully bears the risk in achieving managerial results in his microspace.

The Work Area Under Socialist Care

The same system of utilizing entrepreneurial activity is applied down to the individual work area. The employee (tractor driver, animal husbandry worker, or maintenance man) or small collective is taken on as a work area under socialist care by a contract or agreement. He takes over the buildings, machinery, equipment, animals, fields, cash flow, tasks, obligations, rights, and plan. The plan establishes only those tasks and indicators on which the employee has a direct effect.

The work area under socialist care is created by a given intraenterprise microspace. The employee who takes over the work area under socialist care becomes the direct, if informal, manager in his work area. He becomes an entrepreneur in the microspace which is delimited for him by the contract and other rules. The employee bears the full risk for the results of managing his work area. They are therefore dependent on the production results, on the level of quality, on the level of savings in materiel and energy, and on the level at which their products are sold. They receive different wages depending on how successful the employee is with the enterprise's property which has been entrusted to him.

Every entrepreneurial microspace is simultaneously a relatively independent economic center. The expenses of

the center can be met only up to the amount of the resources created, and they must be covered immediately, without delay. This creates a pressure for the head of the center to continuously be effectively concerned with the expenses. The chief has his compensation tied directly to the results of the economic center. He knows its performance every minute and thus also the amount of his personal compensation. The material stimulus therefore is working constantly and very effectively.

A system of continuous mutual control is created by the formation of mutual relationships between the entrepreneurial microspaces. The chiefs are constantly evaluated in material and nonmaterial ways according to the results of audits and the decisions made based on them, which creates a constant pressure and a constantly high level of involvement in the actual results in a mutually connected chain of entrepreneurial microspaces of the cooperative and their effects to achieve a high goal.

Entrepreneurial microspaces are delimited only by the limiting rules for orientation toward the goal. Their structure is very simple and can be understood by everyone. The chiefs of the entrepreneurial microspaces do not have to be given the rules in a written description of the work which would determine the ceiling and boundaries for their initiative in meeting the demanding goals. The chief of an entrepreneurial microspace thus cannot shift demands for actual entrepreneurial activity to a requirement for action by the higher chief.

The entrepreneurial microspaces are managed relatively independently, but there is a continual pressure put on them in demands for their results and growth. The chief of an entrepreneurial microspace in the internal climate of the cooperative sets himself high goals in his own interest, but if he relaxes in this effort then high goals are set for him.

The active functioning of the internal entrepreneurial system in the cooperative connects up with the efforts to get the top results out of every employee in the cooperative. The majority of the work areas have currently been put under socialist care and work is proceeding in intensifying the system of their management and stimulation.

In addition to the positive effect on the economic results of the entire cooperative, the extensive utilization of people's interests for the development of the cooperative has some other important consequences in the social field and the area of morale. One can observe the high level of employee satisfaction even with the high level of intensity of their work. For a person coming into the cooperative from outside, the positive attitude of the overwhelming majority of the employees to the demands and requirements which the collective places on them is nothing short of astounding. Their first reaction is always an expression of willingness and true attempts at accepting the requirements and carrying out the tasks. People know that in the system of evaluation which continuously makes objective the results and the rewards

for them undeserved compensation is not acquired by chance or by outside pressures. They also know that rewarding the outstanding results of an individual or part of the collective has a great effect on the entire cooperative and thus on society. It is significant that in its orientation toward outstanding results there is no support in the cooperative for the philosophy of the average and below average. The thorough identification of compensation with the work results achieved leads to a high level of activity, to a high level of prosperity, and to a high level of morale in the cooperative.

The System for Placing Work Areas Under Socialist Care

The system for placing work areas under socialist care makes it possible to transfer authority and responsibility down to the lowest organizational unit and to create space for the activity and initiative of the work collectives, space for independent discussion and decisionmaking by their members and the solution of operational problems right in the work area. The system is created by general rules and specific particulars.

The work area is an organizational unit headed up by a THP [technical-managerial employee] or foreman. The chief himself directs and organizes the work, takes over the work area and the tasks entrusted to it, along with the funds for compensation. He distributes the rewards in an overall way for the results of operations according to what the individual members deserve.

The work area put under socialist care is an organizational unit which the work collective takes over. They take over the work area and its tasks and elect a representative from among their ranks who, in addition to his work duties, takes care of the functions of chief (ensures communication with the operations chief). The collective itself distributes compensation in an overall way for the results of their activities.

The work area charter includes:

- an exact formulation of the goal of the operation,
- the established nature of the work;
- delimitation of the space and all means of production;
- establishment of the overall compensation for the results of the activities.

The written agreement states who takes over what where, the results, and the compensation. It contains:

- the surname and name, date of birth, and place of residence of the supervisory employee;
- the type of work area;
- the surname and name of the commissioner of the agreement (this is usually the operations chief), the number and name of the operation, and where the work area originally belonged;
- the type of work area;
- a list of members of the work area with their signatures;
- a list of the basic resources and DKP by groups (the overall value must be computed);

- supplies of materials according to the inventory of stores if the work area took over the supplies;
- the space which is delimited by several points;
- the results of the activity, that is: a) production, services, sales, storage, research, development or other activity; b) the plan of operation is designated in natural units (item, kilogram, ton, liter, etc. if it can be so determined); c) the period (quarter, year, etc.); d) the overall value of the output (in thousands of korunas); e) the profit in korunas per unit of production.

The Rights and Obligations of the Work Area

The obligation of the work area is to carry out planned tasks and other tasks levied upon it, to ensure the development of the work area, to take care of the work environment, to meet the regulations on hygiene and work safety, to manage effectively all resources which the work area took over or has created, to protect the cooperative's property, and to improve the quality of the products, work, and services. The work area has the right to decide on the specific method by which the tasks levied on it will be carried out, to set the free time, breaks, regular vacation, and work hours for the members of the collective in keeping with the needs of the given operation, to share to a suitable degree in the results of the work area, and to manage all resources properly.

The enterprise takes on the obligation

- to create an operational account for the work area at the higher level of socialist care. The account keeps track of income and expenditures on which the work area has a direct effect;
- to provide all materials, transportation, and services according to the requirements of the work area, which will pay for them;
- to carry out routine auditing of task fulfillment and management, especially the status of fixed assets, DKP, and supplies; the inventories can be carried out at any time by agreement with the work area chief, but at least twice annually (for supplies and goods) and once annually (for fixed assets and DKP) according to the JZD schedule;
- to create the optimum operational and work conditions;
- to ensure marketing of the products if their quality meets the established conditions of the norm.

Compensation

The overall compensation is determined for the results of the activity and the distribution of the wages is decided by:

- the work area chief himself, or
- the collective of employees according to their contributions to the final product, output, or activity (depending on the type of work area).

Employees included in this system do not have any right to demand further compensation, premiums, or shares in the economic results. The conditions set out in the agreement cannot be modified during the time that the contract is in effect by either party. Within the framework of utilization of work time, taking care of other production tasks, or when the work area has not been supplied with the necessary material (for example, from imports), then the operations chief can, in agreement with the work area chief, transfer members of the collective to other work under previously determined conditions and compensation. The agreement is signed for a certain period of time, as a rule for 1 year.

The specific properties must make up an entire system in given specific conditions for a given activity. In no case can it be allowed to be in conflict with the general rules. The size of the work area can be up to 10 members. Experience has shown that smaller collectives are more successful.

The Level of Socialist Care

First level. This level should teach the members to think about their work, to acquire a relationship to their work area, and to learn to economize with all resources which the work area took over. It applies everywhere that the employee shares in the results of management just by his work activity and the other operations are taken care of by the enterprise. It also applies for totally new work collectives or products which it is necessary to validate in practice.

Example: Greenhouse cultivation of vegetables or flowers. The employee takes over the greenhouse, the equipment, and the work area surroundings and the specific task of producing an given type of vegetable or flowers. Sales are taken care of by operations at the prevailing wholesale prices.

Compensation: a percentage of the earnings achieved. The percentage also includes the compensation for maintaining the work area. To achieve the maximum earnings, it is necessary that the employee:

- reap the maximum production at the highest quality, and,
- do this at the time when the prices are highest.

Specifically: Production of greenhouse cucumbers, 3.9 percent of the earnings, or production of flowers, 7.6 percent of the earnings.

Second level. This starts from the standpoint that the people are prepared for the nature of the work and used to it. We assume that they have a relationship to their work area and want to be not only the managers, but also the active creators of the entrepreneurial mechanism.

Here we make use of the activating factors of material stimuli and job satisfaction. This level applies to all work areas where the members can affect the output and the level of one important item of the expenses on which the employee has a direct impact.

Example: Feeding cattle. The worker takes over the barns, equipment, animals, and the specific task, to produce meat with the maximum savings in feed. He strives for the minimum consumption of feed and orders only as much as is consumed and demands feed at the top of the quality class from which he can achieve the maximum growth rate.

Compensation: a percentage of the output (earnings minus the purchase price of the animals).

A percentage from the savings in feed which includes also the compensation for care of the work environment.

Specifically: feeding cattle 1.1 percent of the output plus 10 percent of the price of feed saved keeping calves 2.1 percent of the output plus 10 percent of the price of feed saved selling off calves at 80 to 140 kg at 0.75 korunas per kg of growth plus 10 percent of the price of the feed saved.

The third level starts with the fact that the employees have a firm relationship to their work area, like to be there, and are proud of the results of their activity. The people are truly managers. The self-actualization factor has a strong effect and the employees want to be the best and to show what they have.

This level requires from the employee a high level of independent negotiation and decisionmaking, a high level of performance, and a high level of savings in the important expenses on which he has an effect.

Example: Transportation The driver takes over a vehicle into his socialist care on the basis of a contract and reasonable estimate of its value. The driver has an account set up for tracking his performance and expenses connected with operating the vehicle.

Specific task: To provide transportation services according to the requirements of the dispatcher and to perform the work with a maximum savings in petroleum, oil, and lubricants; spare parts; and tires.

Compensation: a percentage of the output (the basic compensation) and a percentage of the savings in all expenses (the supplemental element of the compensation). The annual compensation is adjusted by the differences in the calculated value and the actual value determined at the beginning and the end of the period examined.

The fourth level requires from the employee a high degree of independent negotiations and decisionmaking. The conditions are created for the self-actualization of the talents which he can demonstrate within the delimited microspace that these are the best workers, that they can do more than the others, and that they can apply their extraordinary capabilities and skills.

Example: The work area of a trade executive The executive takes on a specific task—the export of a given type of product for an established production unit or the export plan according to the enterprise's needs.

Compensation: a percentage of the earnings achieved in wholesale prices and a percentage of the business resources (travel, representation).

Fifth level. Work areas are included in this level of socialist care when they can function as independent production or operational units. People are given a full degree of trust in carrying out a given type of operation since at the preceeding level they have demonstrated themselves to be proper managers and entrepreneurs in the microspace entrusted to them.

Example: independent dairy, business, restaurant, repair shop, transportation, or a work area which provides a given service.

Compensation: output minus taxes minus all expenses = the employees' compensation.

Nonproduction and Overhead Activities

This activity is totally specific and outside the rules stated above.

Example: warehouse management. The warehouse chief takes over the supplies in accordance with the physical inventory at a certain date, the facility, the equipment, and the task, to warehouse the minimum amount of supplies and not to exceed the norms for the turnover period of the supplies.

Compensation: the basic compensation is guaranteed as a percentage of the profit for self-financing units or is developed from the period of turnover for supplies for the other units.

The percentage is determined by the plant director.

If the above system is to be successful, it is necessary

- to convince and acquire people, to overcome their own comfort, and to wipe the words "there is not" and "it will not" from their vocabularies;

- to find concrete results;
- to establish overall compensation for results and to go over to significant differentiation among employees;
- to actually transfer authority and responsibility;
- to evaluate the employees regularly.

The results are that

- the work area shows better results;
- the products, services, and work are of higher quality;
- the employees discipline improves along with the utilization of working hours and those who are just being carried are revealed;
- the employees have a better relationship to their work area.

Basic Information of JZD AK Slusovice

The cooperative came into being by the gradual incorporation of small cooperatives in the Gottwaldov okres and now is operating on 21 cadastral territories. Since 1 January 1989 it is managing 6,800 hectares of agricultural land, of which approximately 4,300 hectares are arable land and more than 1,900 hectares are meadows and pastures. In addition to the agricultural land, it manages 2,520 hectares of forest. These data are given to include the last incorporation of JZD Podrevnicko-Zelechovice on 1 January.

Economic Results for 1988 (excluding JZD Podrevnicko)

Total output (in millions of Kcs)	5,055
Profit	565.7
Average of employees on the books	6,345
of these, permanent employees	5,007
Average monthly compensation per employee (Kcs)	3,297
Value of fixed assets in replacement costs (in millions of Kcs)	1,586
Productivity of labor per employee on the books (in thousands of Kcs)	796

Survey of Selected Indicators Since 1965

	1965	1975	1985	1988
Grain harvest tons/hectar	1.78	3.85	6.21	6.49
Yield per milk cow (liters)	1,851	4,318	5,922	6,010
Total delivery of meat (tons)	737	3,501	6,324	6,401
Delivery of milk (thous. lit)	2,478	5,137	8,260	8,429 HZP
(gross agricultural production) per hectare of agricultural land (in Kcs)	4,885	11,952	33,730	35,383

Zajic Interviewed on Results of Economic Experiment

24000175b Prague RUDE PRAVO in Czech
8 Aug 89 p 3

[Interview with Miroslav Zajic, Czechoslovak Communist Party Central Committee Secretary, by Zdenek Hoffman: "First Results Are Promising"; date and place not given]

[Text] It is no exaggeration to state that economic reform has progressed the farthest in our agro-food complex. This sector has begun as a whole to operate under the new economic conditions. New approaches to party and political work are essential in conjunction with the implementation of restructured economic activity. The CPCZ, its agencies and functionaries must deal with new types of problems that they encounter in daily operations. What is the current situation in our agricultural sector? We posed this question to comrade Miroslav Zajic, CPCZ CC secretary for party work in this sector of the national economy.

[RUDE PRAVO] How do you evaluate the situation in our agricultural sector, comrade secretary, after seven months of operation under the new economic regulations?

[Zajic] This is too short a time for a detailed evaluation, but we do have the initial results from the functioning of the new economic mechanism. In my view these results confirm that the objectives we established are correct. This has been proven by the smooth functioning of the foodstuffs market. The economic results for the first half year are in most instances better, and sometimes much better than the enterprises themselves anticipated, in some instances because they were being too careful. In view of the short time period however, this may not be regarded as sufficient proof.

[RUDE PRAVO] What are the most important criteria you are using for this evaluation?

[Zajic] In making our evaluation we look mainly for changes in the attitudes and reactions of enterprises to the more demanding conditions, and try to analyze what exactly is going on in enterprises today. I think that the adaptation process is proceeding fairly well, at the necessary pace. This is true not only of the well known agricultural enterprises with excellent performance records, such as the Slusovice united agricultural cooperative [JZD] and Cifer, but in a number of others as well. In particular I would cite the Bohusovice nad Ohri, Basnice, Chorvatsky Grob, and Ocova JZD, the Smirice, Znojmo, and Kosice state farms, and foodstuff enterprises such as the Prague Chocolate Factory, the South Bohemian Meat Industry, concern enterprise, Ceske Budejovice, the Kosice east Slovak Poultry Plants, the Nove Zamky Novofrukt enterprise, and others.

[RUDE PRAVO] What do you value most highly in such enterprises?

[Zajic] Many of these firms did not think it would be possible on 1 January 1989, when the new economic

mechanism took effect, but over the past year they have found underutilized capacities, figured out ways to conserve material inputs and to reduce costs, as well as to test the possibilities for entrepreneurship. Most of these organizations have witnessed a clear increase in the activity of their employees. Work collectives are expressing more interest in future development and in the success of their enterprise.

Of course, firms with a poorly developed production base are struggling with certain difficulties. Consolidation programs have been drafted for those firms with the greatest problems. On the whole, however, there are fewer firms in this category than we at first thought. We did not enter into this restructuring with the naive view that everything would run smoothly. After all, the very fact that the new regulations have not yet been implemented in most areas of the national economy affects the implementation of restructuring in the agro-food complex.

[RUDE PRAVO] There have also been many comments from employees of the agricultural sector...

[Zajic] The ministry of agriculture and food carefully analyzes all these comments. It would be shortsighted to assert that all mechanisms are functioning ideally and are affecting everyone the same way. This can never be the case in real economic life. What is important is that the system is correct and viable. Isolated changes and the adaptation of the economic mechanism to changes in the economic environment are and will continue to be necessary. We cannot, however, allow intervention that might disrupt the fundamentally identical conditions created by the restructuring, that might cause levelling among enterprises and within individual firms, thereby reducing the strictness of the economic conditions.

[RUDE PRAVO] What do you think is the most important consideration for the implementation of restructuring in the agro-food complex, and the changes in management that these imply?

[Zajic] I think it is most important that the requisite opportunity truly be created for independent decision making and entrepreneurship. This mainly concerns the laws concerning the state enterprise and agricultural cooperatives. This is true even though there may still be some firms that do not want to implement these laws, in part because in many instances the habit of waiting for guidelines "from above", from a ministry or territorial unit, has become too firmly rooted. The sooner every enterprise definitely maps out this opportunity and teaches its people how to take advantage of it through entrepreneurial activity, especially by producing necessary inputs for primary agricultural production, by processing agricultural output into food, and by developing services in the territory where it is economically active, the sooner we will be able to state that restructuring in the agro-food complex has really "taken hold". Based on progress so far it is my view that this shouldn't take too long.

[RUDE PRAVO] Was it proper for the agro-food complex to begin implementing restructuring a full year before other national economic branches?

[Zajic] I remain convinced that it was the proper decision. Under the previous system, which had been functioning since 1982, people had already gained enough practical experience from implementing the economic reforms of that period, and had come to understand the meaning of self-financing. And even though this principle was often deformed in various ways it still remained in force in the vast majority of agricultural enterprises. The fact that a year long head start would result in some problems was clear from the beginning. Still, it is possible to state that the positive aspects of the decision clearly outweigh its negative consequences. After all, it would not make sense to postpone the decision and wait until all the material and legal groundwork had been laid for other branches. We do not regard our additional year only as an obligation and an expression of trust in us, but also as an advantage that should pay off in upcoming years.

[RUDE PRAVO] Do agricultural employees also understand this? What is the political atmosphere among them?

[Zajic] I think that it is positive. I think this because of the activity that I see among them, their interest in the problems of the work place and home, their critical, but constructive approach to resolving these problems.

[RUDE PRAVO] Can you give us a specific example?

[Zajic] Recently I was present at the Agris 89 agricultural exhibition in the South Moravian kraj, and at a similar exhibition in the Central Bohemian kraj. I do not want to discuss the exhibits, which were excellent, but rather focus on the impressions I gleaned from conversations with many people, above all young people, who had worked to put together the exhibitions. I was especially impressed by their honest enthusiasm, their commitment to work, their desire to prove something, and the motivation that came through when they were talking about the results of their work. They of course mentioned obstacles and problems that accompanied their work, but at the same time discussed the steps they were taking to deal with them.

[RUDE PRAVO] Young people, however, are usually quite critical...

[Zajic] It is absolutely natural that the young generation is blessed with excellent critical faculties. This is the way it has always been and will always be. The young generation, whose attitude will determine the success or failure of the restructuring, is for the most part searching for constructive ways to implement it. This is what convinces me of the positive political climate. Proof of this is that these young people, just as agricultural employees of the past, do not discuss any but socialist alternatives and forms for the future development of agricultural production.

[RUDE PRAVO] I am glad that you are speaking about this. Recently there have been frequent attempts to discredit the results of socialist development.

[Zajic] The fact that employees associate their present and future solely with mass agricultural production on a socialist foundation reflects their own experiences of the advantages of this type of production. The current social position and standard of living of our agricultural employees are eloquent manifestations of these advantages. For this reason as well the cooperative forms of our agriculture are also the subject of growing interest on the part of West European farmers, who have objectively evaluated both its production potential and, mainly, the social certainties that it provides. I have had similar impressions from meetings with employees of the food industry, services, and of the R&D base. For this reason as well all current thinking and searches for an effective integration of individual interests with social interests fluctuate consistently within the constraints of socialist production relations. Socialist production organization will continue to provide for all workers immense opportunities and space for self-realization. Today this is true without decrees and administrative red tape, allowing everyone to demonstrate his abilities and initiative. People, however, must take advantage of this opportunity. Leading them to an active resolution of problems and to an entrepreneurial outlook is the task of political work by party organizations.

I think that this is also the source of my view that the interests of workers in the agro-food complex are in no way reconcilable with exhortations of the type presented in A Few Sentences.

[RUDE PRAVO] One criticism made by agricultural employees concern the price increases that they feel have been incorrectly imposed by new state enterprises from the supplier branches of the national economy.

[Zajic] There have frequently been such comments recently. The flexible utilization of price mechanisms is one of the most important foundations for the normal functioning of value relationships in a national economy. We therefore view price increases and decreases as an effective mechanism for supplementing the functioning of prices. This mechanism will certainly be used more frequently in supplier-consumer relationships within our national economy. Enterprises have to learn to work with them and to use them correctly. One important criterion to gauge whether pricing is being used correctly is to evaluate whether the advantage or disadvantage resulting from the price change is warranted. In other words, is the higher price justified by higher quality, increased sophistication, or improved service. Price increases should not be based solely on a monopoly position of a supplier, or from unequal trading relationships. Every firm is searching for any opportunity, preferably those that are the least disruptive, to deal with the much stricter economic environment. This must not however, reach a situation where resources are acquired in an unwarranted manner, as the

expense of others who have no alternative but to enter into an unequal trading relationship.

[RUDE PRAVO] It is often said that production costs in our agriculture are high. What is your view?

[Zajic] The problem of the costliness of our agricultural production has become more pressing with the new economic regulations. This is one of the critical issues that we now have to resolve. We need to change our vocabulary. Instead of the frequently used question of "how much do we produce?", we must more frequently ask "how much does it cost us to produce?", and what can we do in order to produce the same goods more cheaply. This has to be one of the main job objectives at all levels, from the ministry and its kraj and okres offices right down to the enterprise sphere.

It is also necessary to recognize that the high costs of food production is a complicated matter, because it is affected to a significant extent by quality, and by the price of inputs from other sectors; engineering, chemistry, construction. It therefore justifiably upsets our agricultural employees when people talk about the question of high costs in agriculture in too simplified a manner, as if it was all their fault. This does not help to create a positive atmosphere among agricultural employees and distorts the public perception of the agricultural sector.

[RUDE PRAVO] Opinions have also been voiced that the high costs are caused by collective forms of management and that the only way to improve matters is to return to private management or to economical rentals of soil and other production equipment. What do you think about this?

[Zajic] Our agricultural employees almost never ask such questions. When judging the appropriateness of one form or another one needs to consider both current conditions and the historical context. At the current level of development of socialist agriculture in Czechoslovakia, any return to the organizational forms of a prior era, especially to forms used before the victory of the socialist revolution, would be illogical and harmful.

Results are always decisive. And our agriculture clearly has performed well. This has been confirmed continually by foreign visitors from both the "East" and the "West", who for the most part speak highly about our agricultural sophistication. They are also impressed by the social standing of our agricultural employees, their position in society, standard of living, and social certainties. Agricultural work has gradually achieved high social recognition and prestige. Working and living conditions in our villages do not lag behind comparable conditions in our cities, and stand up fully to international comparisons. Few people in our country know that the owner of a family farm in the West must work a minimum of 65-68 hours per week.

Moreover within the context of socialist production relationships it is possible to make every individual a

true manager at his work place, so they will not be simply an anonymous link in the chain of production. We therefore welcome the initiative of those agricultural enterprises that, with the objective of improving internal enterprise relations, have developed ways to improve the incentives of even the smallest work collective to improve performance figures for the entire enterprise. This is, by the way, the basic requirement for differentiating compensation as a mechanism for social justice. This interpretation of social justice eliminates the possibility of mixing up the concepts social and socialist. It eliminates the possibility of having socially unjust forms of compensation as an attribute of socialism.

[RUDE PRAVO] In the Soviet Union they are reevaluating the period of rationalization and collectivization and pointing out serious mistakes that resulted in a dismal situation in agriculture. What is your view of the collectivization process in our country?

[Zajic] It was a revolutionary process that did not proceed without errors. The current situation provides a clear answer to the question of how to evaluate the process of socialization. The generation that founded cooperatives created more for us than any previous generation. After 40 years of socialist development agriculture has at its disposal immense physical resources, amounting to capital assets valued at more than Kcs 400 billion. It also has an immensely skilled work force, and labor productivity has increased by more than a factor of six. Our agriculture is able to meet market requirements, allowing us to enjoy one of the largest levels of food consumption in the world.

The foundations of our agricultural policy were laid at the Ninth CPCZ Congress. And the party played an indispensable role in collectivization.

We do not regard the 40-year history of socialist agriculture as simply the past. It remains a rich source of experience for the present day as well. Not everything that we experienced in the past can be regarded as having been overcome. There are also experiences that we have forgotten about over time, to our detriment, or which we underestimated. For instance the relationship to production equipment was much more direct in the early years of cooperatives than it is currently. There was also a tighter relationship between the income of cooperative members and the performance of the cooperative. Likewise, employee participation in internal cooperative democracy originally was not as tainted by elements of formalism as it has been in recent years. I could continue. Obviously, the 40-year history of socialist agriculture has something to say about resolving current problems.

[RUDE PRAVO] What do you regard as the most pressing task for communists working in the agro-food complex?

[Zajic] Their active participation in restructuring. What is critical now is that restructuring not stop in front of the gates of state enterprises and cooperatives, that it

become a matter only for the offices that supervise the enterprises. And within an enterprise the process cannot be allowed to be confined only to the managers. It must first be evident in a restructuring of internal enterprise economic relationships, a smoothly functioning internal enterprise cost accounting system, and in differentiated compensation. Communists must also make sure that opportunities are created for every employee to demonstrate his abilities initiative, and entrepreneurship. We cannot count on everything taking care of itself. Communists must help with the assertion of each individual step, so that even non party members accept the changes as their own. Nor can we assume that every new measure, no matter how necessary, will be popular with everyone. In these cases in particular, communists must explain why a particular measure is necessary. They must not only explain, they must also provide an example for its implementation. Only under such conditions can the restructured economic mechanism bring the results that we expect of it.

Obviously, the purpose of political work is to prove convincingly to those around you that our revolutionary objectives and the strategy we have decided to implement to achieve them are correct. Equally obviously, concrete results are the best way to demonstrate this. We must be able properly to evaluate the results of our work, not submit to doubts or negativism that may be forced on us from elsewhere. On the other hand we have to be able openly to admit that we have made mistakes and take steps to correct them.

Metallurgy Expert Urges Cut in Steel Production

24000175c Prague HOSPODARSKE NOVINY in Czech No 31, 1989 p 3

[Article by Prof Eng Josef Svatos, candidate for doctor of science: "Unknown Contingencies: How Much Steel Should We Produce?"; first paragraph is HOSPODARSKE NOVINY introduction]

[Text] Most people maintain, with the exception of a large number of metallurgists, that the output of our ferrous metallurgy sector is excessive for our national economy, and uneconomic. Most discussions of metallurgical industry production, however, fail to quantify specific aspects of the situation they are criticizing, and sometimes evaluate metallurgy in a way that displays a lack of knowledge of the subject and inaccurate perceptions about it. Frequently answers are not even sought to several fundamental questions related to ferrous metallurgy. The author of this article searches for these answers, quantifies certain trends, and explains points of view. It should be emphasized, however, that these are the views of the author alone and that many people need not agree with them. The author worked in the ferrous metallurgy industry for 40 years, as a deputy economist for the director of one of our largest metallurgical firms, the director of the Technico-Economic Research Institute For the Metallurgy Industry, and as professor in the

field of metallurgy economics and management on the Metallurgy Faculty of the Ostrava Mining College.

Many people associate metallurgy with the production of beams or railway tracks. This is simple production, and is therefore the same for almost all metallurgical firms. This leads to statements like "OK, what large metallurgical firm can we close now."

Most people evaluating the metallurgy industry today are making a fundamental mistake. Our metallurgical enterprises produce over 400 basic types of steel, and even more if we take account of variations. There are also many forms, dimensions, and other processing performed on each basic type, so the final product mix is in the thousands of products. This has resulted in almost total production specialization in specific metallurgical firms. Therefore, when reducing metallurgical output it is not possible to close an entire large firm as a unit. A more detailed analysis indicates that there are only very limited possibilities for stopping the production of some parts of the basic metallurgical industry product mix.

Imports Do Not Correspond to Exports

It is generally stated that continuous steel casting will be the main factor in reducing our high energy consumption. Yes, but we must be aware that the greatest energy savings come when continuous castings (slabs, billets) that are still warm go directly, possibly after reheating to rolling temperature, to further rolling mill processing. Otherwise the energy savings are less.

In an attempt to further conserve energy (as well as investment requirements and service) equipment is now starting to be built throughout the world for the continuous casting of pieces with ever smaller dimensions (i.e. thin slabs) and the immediate subsequent rolling of these castings. Therefore, proposals to reduce steel output cannot be implemented by closing all small and some large steel works, because doing this would lose the power conservation impact of continuous casting. Under certain conditions, and as an exception, the Ostrava metallurgical agglomeration could be considered a single unit, because the transportation of the hot precastings or molten metal is resolvable because of the relatively short distances involved.

In any event, this means that energy is lost. This means that part of the reason that continuous casting facilities were built is also lost. Foreign experience with the construction of so-called mini-steel mills corresponds to this view that the steel mill, the continuous casting facility, and the rolling mill should be as close to each other as possible. Under certain conditions, namely enough scrap steel in close proximity and simple products of a mass character for a nearby geographic area, a mini-steel mill can produce steel some 5-10 percent less expensively than a large mill.

The export of metallurgical products evokes another group of questions. Exports only from the firms that make up the Ferrous Metallurgy economic production

unit [VHJ] in 1988 to hard currency countries amounted to Kcs 6 billion, with an equal amount being exported to socialist countries. This, then is quite a large portion of our balance of payments, the more so because in hard currency countries payment is made almost immediately for these types of products, and the world market price of steel increased substantially last year.

The increase in our exports of rolled materials and pipe, which as recently as the 1960's corresponded roughly to world wide development trends, has not been accompanied in the past 15-20 years by similar imports. This has resulted worldwide in a unique, one sided incorporation of the final production of the Czechoslovak ferrous metallurgy industry in the world division of labor. Our international participation is characterized by high levels of physical exports and a relatively sophisticated product line. This has placed us among the leading world exporters of steel, but among the countries with the lowest levels of imports. This prevents us from participating to a greater extent in comparative advantages from mutually balanced integration into the international division of labor. It also places high demands on us by forcing us to maintain a product line of worldwide scope.

The reasons for this are well known and relate mainly to a low and continually declining export capability of other sectors of our national economy. Ferrous metallurgy, therefore, has to pick up the slack in the balance of payments caused by the declining export competitiveness of other industries. It should therefore not be considered the guilty party and the cause of other deformations in related national economic sectors. Rather it should be seen as the entity that for some years now has been compensating in the balance of payments for the lack of export competitiveness of others, at the price of a significant worsening of its own economics.

Better on Its Own

There are a number of differing opinions on the efficiency of metallurgical exports. Let us look at the facts. In recent years new steel producers have come on the world market (Brazil, South Korea, Taiwan) that have as a rule their own iron ore, inexpensive shipping, inexpensive energy, and inexpensive labor. Based on these objective comparative advantages alone, none of which belong to us except perhaps inexpensive expert technical personnel, one could conclude that we cannot build up ferrous metallurgy as a strictly export industry.

Because of transportation costs from the port to the CSSR, ore that we purchase abroad from hard currency countries costs us about Kcs 310 more than it costs a West European producer, who can load the ore directly from the ship to his warehouse. The difference is a little less for producers who have access to domestic shipping or short transportation distances. Because of the percentage of ore in metallurgical products, transportation costs for ore from the dock to the metallurgical firm in the CSSR add some Kcs 360 to the price of our products

that a western producer does not have to contend with. When exporting our products we must add an equivalent amount (assuming costs for ore and finished products are equal) for transportation from the CSSR to the dock.

This means that because of the geographical location of our country our producers have a profitability level that is Kcs 670 lower than if their plants were located in Belgium by the dock. Usually, a producer in a third world country has a still greater advantage in transportation costs. With regard to the price of rolled material this comparative disadvantage amounts to 17-34 percent of the price of the product (which by the way corresponds to the prices obtained for our exported metallurgical goods). Taking into account relative prices and ore quality it cannot be said that producing steel from ore imported from the USSR would be any more advantageous.

From this we can conclude that metallurgical products for domestic consumption are also more expensive by an amount equal to transportation costs to the CSSR. This further implies that our metallurgical industry should produce goods mainly for domestic consumption, or for exports offset by an equivalent value of imports of metallurgical products. It further implies that we should import the highest possible quality iron ore, that with the highest percentage of iron. We should export mainly metallurgical products with higher prices, i.e. of higher quality, so that transportation costs could be spread over the highest possible per ton price. This also answers the question of how much steel we should produce in the future. In this regard we also have to remember payments for freight transportation within our country probably do not cover socially necessary costs, as suggested by comparisons of transportation rates from several neighboring countries.

Low-Grade Charges Are Expensive

Another comparative disadvantage of Czechoslovak metallurgy that little is said about and that few are aware of is the relatively low-grade charges that we use. This is however a disadvantage we can remedy. Most technically advanced countries work with charges having an iron content in excess of 60 percent. The average iron content in processed raw materials in our country for 1987 amounted to 55.6 percent. This placed our metallurgical industry in one of the last places worldwide.

This unsatisfactory situation is caused by the high percentage in our charges of certain Soviet ores, especially the Krivy Rog aglo-ores which, as delivered, do not contain even 51 percent iron. This ore accounts for some 40 percent of total ore deliveries from the USSR. In addition it has relatively high acidic compound content (silicon dioxide, aluminum oxide), on the order of ten times that of ores imported from nonsocialist countries. This increases limestone consumption by 800 kilograms per ton and metallurgical coke consumption by 300

kilograms per ton of pig iron in comparison with consumption required for ores imported from nonsocialist countries.

Processing low quality ore, with the resultant high power requirements, was made possible in the past by strong price deformations. The most basic deformation arose because the wholesale price of ores are, among other things, derived from smelting (processing) costs, which are heavily distorted by fuel prices. The wholesale price of metallurgical coke in the past has been about Kcs 900 per ton. The increase in this price to Kcs 1,412 per ton on 1 January 1989 calls attention to the lower use value of highly power intensive ores.

Clearly this is the reason that the published price of Krivy Rog ore for 1989 was Kcs 107 per ton, for ore with iron content of 53 percent in a dry state. For the price of metallurgical coke to reflect fully the costs to the national economy of its production, it would have to be about Kcs 1,700 per ton. At this level the high price of low-grade ores to the national economy would be clear.

It is interesting to note that the contract prices of these ores for 1989 have been set at 15.85 rubles per ton, all charges paid freightcar to Czechoslovak border, and 20.01 rubles per ton, including cost, insurance and freight to the port of Komarno. These are clearly prices to the border that are acceptable to the ore supplier. Setting a wholesale price of Kcs 107 per ton under price restructuring is clearly made possible by increasing the price of higher quality ores, and reducing the price of lower quality ores. The prevailing view appears to be that this is the only way to achieve high production levels of metallurgical products that can be exported, thereby achieving equilibrium in our balance of payments. This should however be viewed only as a temporary resolution to the problem.

Detailed calculations indicate that we could reduce this comparative disadvantage significantly by reducing steel production by about 3 million tons, which represents about 3.12 million tons of pig iron. This would allow us to remove from our charges all of the ore from Krivy Rog (about 5.33 million tons in 1987) as well as ore mined in the CSSR (about 775,000 tons). This ore is also of very low quality. The calculation model shows that this would allow us to reduce consumption of metallurgical coke by about 2.87 million tons. This equates to about 3.73 million tons of coking coal and a reduction in limestone consumption of some 2.8 million tons. This is more than 60 percent of current consumption. This would also reduce energy consumption in related operations, i.e. in steel mills and rolling mills. The total reduction in energy consumption throughout the production cycle is estimated at 160,000 terajoules.

The calculation of the impact of reducing steel output by 3 million tons, i.e. by about 20 percent, and eliminating all low-grade ores from the steel making process also implies that we would reduce the costs of the remaining production by about 4 percent. For illustrative purposes,

this is about half of the amount currently paid out in wages, which amount to eight percent of total costs. The number of blast furnaces would decline by more than 20 percent, and the costs of dealing with ecological problems would be reduced. By the year 2000, for instance, plans call for the construction of approximately Kcs 2 billion of desulfurizing equipment for coke oven gas at all four metallurgical enterprises. Reducing the consumption of metallurgical coke would in turn reduce the amount we have to produce, which would in turn reduce the expenditure necessary on the above investments in environmental protection. The savings would be on the order of Kcs 1 billion.

This example shows that the excessive exporting of metallurgical products to compensate for the lack of export competitiveness of other sectors takes a great toll primarily on the metallurgical workers themselves. If a reduction in steel production of 20 percent would result in at least a four percent reduction in cost for the remaining 80 percent of production, then the production of what amounts to 2.5 million tons of rolled material for export is being produced by our metallurgical mills at costs about 20 percent higher than the documented average. This should also be taken into account when judging the effectiveness of metallurgical exports.

Invest In Technology, Not Ore

It should also be added that future deliveries of pellets from the Dolinska Processing Kombinat in the USSR will not do too much to resolve the problem of low-grade charges. This is because these pellets will still have a high concentration of acidic compounds (estimated at 11.48 percent) which will require the use of about 600 kilograms of coke per ton of pig iron.

This project was probably at one time well thought out to provide ore charges for our metallurgical plants, but clearly it was never reliably evaluated from either a technical or an economic point of view. Making an evaluation solely based on iron content of the ore is unprofessional and naive. It is not possible to establish a value for iron ore raw materials solely based on iron content by setting a constant price per unit of iron. This would mean that one ton of ore or pellets with a 60 percent iron content would be equal in price to two tons of ore with a 30 percent iron content. Only because it would be necessary to smelt twice as much metal bearing charge this type of pricing is clearly foolish.

Moreover, the composition of the remaining parts of the ore is important. Acidic compounds require the addition of more limestone to the charge, which in turn increases energy requirements. Every blast furnace worker knows this. Despite this knowledge, the Krivy Rog pellets continue to be evaluated only based on the iron content of the ore, which overvalues them tremendously. The unacceptability of the evaluation will come clearly to the fore when wholesale prices are established for the first deliveries of pellets. The wholesale price will have to be set at a level that reflects the utility of the pellets and

corresponds to the prices of other ores and pellets. By this time, though it will be too late. Maintaining high steel production at a cost of billions in state subsidies for charges is clearly neither positive, nor sensible. If we want to subsidize the metallurgical industry, which a number of technically advanced countries have done at time, then it is better to subsidize modern equipment.

Significant problems still await our metallurgical industry as the structure of the national economy changes. The resolution of some of these, such as a one-time reduction in steel production of 3 million tons would be of economic benefit not only to the metallurgical sector but to the entire national economy. It would result in a more than proportional decline in the consumption of coke, coking coal, limestone, transportation, in reduced ecological problems, etc. Other consequences will be less positive, mainly the reduced need for workers and the need to shift workers to other jobs.

Reducing steel production below 12 million tons (11 million tons after switching to continuous casting) in my opinion may cause problems with the work load on some large facilities (large capacity lines), and a resultant worsening in the economics of production. And this still has to be reconciled with the elimination of the obvious technical backwardness of our metallurgical sector. This has become clear from international comparisons. These are not insoluble problems, but we must be aware of them in time, quantify the consequences, and then find ways to solve them.

Role of Labor Unions in Restructuring Discussed

24000175d Prague HOSPODARSKE NOVINY in Czech No 31, 1989 p 1

[Article by Jiri Neubert, secretary, Central Trade Union Council: "New Conditions, Opportunities, Demands"]

[Text] Not quite a year has passed since the national all-union conference at which unions announced their unconditional support for the policy of restructuring and democratizing society. In the time that has passed since this conference there is no dispute that much has been accomplished in fulfilling conference resolutions covering tasks of the Revolutionary Trade Union Movement [ROH] in restructuring society. Much however remains to be done.

There have been significant changes in union organizations since the conference. Their structure is being simplified to conform to the two tiered management structure of the national economy. There has been a substantial reduction in the staffs of the executive union and all-union offices. This has created the conditions for reducing excessive administrative work, duplication of effort and manifestations of excessive bureaucracy in their activities. We have still not achieved the objective, however, of a fundamental turnaround in the style and work techniques of union agencies under the new socio-economic environment that is now taking shape. The annual member meetings and conferences being held

between September and December of this year will play an important role in this process.

Unions have been and will continue to participate in the restructuring of organizations in the production, R&D, and currency bases, and in establishing offices for socialist self-administration. We cannot expect that restructuring organizations in the national economy will be accomplished without conflict situations. In particular, we cannot ignore the criticisms of union offices and organizations when they point out that in some instances previously relatively independent economic organizations (national enterprises) which have become the internal structural units of state enterprises, today have less authority. Of more importance to union organizations is the ability to utilize their full legal authority to influence the economic leadership and socialist self-administration offices so that internal enterprise organization and production organization combine with cost accounting rules to make it possible to implement the principles of the new economic mechanism at the level of individual work collectives and even individual employees. Otherwise the new economic mechanism will remain at an impersonal, propagandistic level and will not be able to assist in a significant way in implementing the necessary turnaround and pace of improved performance and effectiveness in the national economy.

To accomplish this, however, the center must establish as soon as possible specific long range economic standards, financial and currency mechanisms, regulations for financial management etc. This will create a framework for the implementation of entrepreneurial activities by state enterprises. The pressing nature of this task is becoming obvious during plan preparations for 1990.

The national all-union conference requested that the CSSR Government conduct a comprehensive analysis of wages policy and make recommendations, in the interest of the consistent implementation of socialist principles of compensation. This analysis was conducted and the results discussed at the joint session of the CSSR Government presidium and the Central Trade Union Council secretariat on 6 July 1989. It will now be necessary to codify the adopted resolutions and publish them in appropriate documentation.

The unions pointed to the problem of tying compensation to final performance figures. They support an approach to wage policy that would maintain an essential correspondence between the volume of wages paid and the amount of goods available on the domestic market, strengthen the economic function of wages (increasing their so-called incentive components as a top priority, in relation to output, efficiency, and work quality), and attach more importance to the organization of work in both production organizations and the tertiary sphere. Unions also attach great importance to the issue of defining an effective division of labor and responsibility between the center and the enterprise

sphere in the administration of wages policy. This is in the interest of improving the motivational principles in wage regulation.

The foregoing assume, however, that we succeed in eliminating the current situation, where wage policy takes the place of the low efficiency of other economic mechanisms functioning under the old system. This, among other things, has resulted in a wages policy that is very complicated, requires considerable administrative effort, and which is frequently unclear not only to workers but to many managers as well. We need to be open about the fact that this problem is related to the additional problem of an unending growth spiral of various preferences and advantageous wages which are not adequately tied to performance effectiveness, and work quality for the rewarded employees.

Another serious issue is the low earnings levels of employees in the nonproduction sphere, including such socially important sectors as education, health care, and culture. To resolve this problem we should in the near future increase the growth rate of wages in the affected areas. This should be implemented by one-time political measures tied to the formation or reallocation of resources, and the utilization of existing underutilized capacities. Two areas of underutilized capacities undoubtedly exist in the excessive size of the administrative bureaucracy for the economy and in the excessive employment levels in some branches of the national economy, while critical shortages of employees exist in other areas, for example in practically the entire tertiary sphere, particularly in the area of public services.

Defining an effective division of labor and responsibility, a uniform definition of rights and responsibilities, between the center and enterprises in the administration of wages policy is particularly necessary because many employees live in the illusion a resolution buy the center is sufficient to increase differentiation and the merit concept of compensation. As is well known, there have been many such resolutions, but the specifics of wages policy is otherwise. Unions therefore fully support the trend towards giving enterprises greater authority in the area of wage policy. This obviously necessarily increases the need for involving union organizations in the implementation of this authority at the enterprise level. The legislative requirements for this already exist and are documented, for instance in the order of labor code resolutions and primarily in the recently adopted CSSR Government resolution covering collective contracts. The upcoming plenary session of the Central Trade Union Council will discuss in detail the tasks facing unions in implementing wages policy in the new economic environment.

The national all-union conference emphasized that unions must focus to a greater extent than previously on advocating the justified social interests and rights of workers during the process of democratizing the society

and restructuring the economy. With this in mind three issues related to social policy and union concern for workers stand out.

1. The need to improve health care and to improve significantly both the work and the natural environment. This involves stopping the growth of, then reducing the number high risk workplaces that contain health risks. This also implies ceasing the production and the importing of machinery and equipment that does not meet current safety and health standards. It is illogical for the modernization of our capital stock and the introduction of new technologies to be accompanied by an increase in the number of high risk workplaces. The development of the Union Members For Ourselves And The Republic movement can contribute to improvements in both the work and the natural environment.

2. The need to analyze thoroughly the makeup of public services utilization by enterprises and to make adjustments in cases where this utilization is of a consumptive character. In the interest of social justice it is necessary that the portion of enterprise social services utilization that is not directly tied to the production process be tied instead to the economic performance of the organization.

3. The need for all union agencies and organizations to be involved in resolving issues related to the structural changes taking place in the national economy, and particularly in resolving the social problems caused by work force reductions, retraining displaced workers, etc. These are serious sociopolitical issues that have a significant impact on the lives of employees. A particularly sensitive approach is needed in dealing with them because we will encounter them most frequently in the fuel, metallurgy, uranium industry, and other important national economic sectors.

Unions also cannot weaken their attention to issues of worker participation in management, their involvement in meeting economic targets, especially through socialist competition. One cannot agree with the view that under the new conditions brought about by economic reform this type of worker initiative is no longer effective. This attitude amounts to absolutizing the role of economic mechanisms in management and ignoring the human factors in economic and social development. On the contrary the purpose of the reform is to improve the conditions for implementing and developing the creative abilities of all workers. It will be critical, however, to focus these efforts on the intensification factors in economic development, i.e. to improving labor productivity and the technical and economic sophistication of output, to reduce production, and mainly materials consumption, and last but not least to exceed production targets for goods designated for the domestic market.

We must use the upcoming half year public inspection of collective contract fulfillment and socialist obligation fulfillment at the concurrent member meetings and

ROH conference to further these objectives. In particular, senior managers should come to these meetings with specific programs and proposals to meet these targets, and to exceed 1989 plan targets in certain areas. This will create the conditions for a successful start to the final year of the Eighth 5-Year Plan. This is the year when most of the principles of the new economic mechanism are scheduled to take effect.

'Change' in Worker Attitude Required by Restructuring

24000173c Prague RUDE PRAVO in Czech
21 Jul 1989 p 1

[Editorial: "Creative Work Within Enterprises"]

[Text] Many new people are being elected to managerial and leadership positions in state enterprises during elections of directors. There have also been significant personnel changes in the central management of the national economy in the past two years. Okres and kraj party committees have become younger, personnel issues have become a frequent point of discussion at all levels. A new organizational structure of the enterprise base has taken shape, and additional economic reform laws have been drafted. Enterprises and cooperatives in some sectors are already operating under the new economic mechanisms.

To accelerate the development of our society, however, it is also important rapidly to change people's attitudes, to activate work collectives. In the CPCZ CC position paper on Monitoring the Fulfillment of Objectives in R&D, Metallurgy, Engineering and Electronics, adopted at the conclusion of the 14th CPCZ CC Plenary Session, one of the most important tasks of the current period was phrased as follows: "The greatest potential for speeding up economic development lies in the use of the creative abilities of senior workers, technicians, scientists, and in the quality of organizational and managerial work at all levels of management."

Clearly, to meet objectives outlined in this way society needs energetic and effective ideological work within work collectives, enterprises, and at all levels, in addition to cadre compensation. After all, this involves overcoming a number of stereotypes and attitudes, outdated concepts of socialism that have hung on. Take for example the very question about utilizing the creative abilities of people. In many enterprises in the past the importance of the talents, technical experiences and expertise of blue collar workers, technicians, and engineers has often been underestimated. We have not been able to make sensitive distinctions within a group that is designated for record keeping purposes as technico-managerial workers. Not every location has been able to create a truly fruitful environment for creative work teams. In some places simple human envy prevails, or the ambitions of those who are not blessed with ability. Some party organizations still have a long way to go in this area.

If everything is fully designed and well organized in the preproduction phase, then production itself, formed by the hands and ideas of blue collar workers and technicians, will be much easier and more productive. Down time, equipment adjustments, returned goods, all disappear. The enterprise is more successful and there is more in the wages fund for everyone. The intellectualization of production, in other words, serves mainly the interests of blue collar workers. Their wages, after all, are impacted much more severely by lack of order, inadequate preparations for production and poor management that in many cases is not even in line with the demands of the time.

Not too long ago we were amazed at the Czech engineer, P. Pavel, who figured out how to reposition the giant statues on Easter Island. This is, to be sure, an old technical problem, but it thwarted many attempts to solve it yet again. Why then did a particular approach to work succeed in resolving it in a few hours? Because Eng Pavel had prepared everything very thoroughly a number of months in advance, theoretically, at his desk, at his drafting table, and using models. This is only one example, but illustrative nevertheless. His principle applies also in more sophisticated technical designs. It shows that production is much less expensive when it gets up to speed only after mastering all problems in the preproduction phase. This is how leading world firms operate. This allows them to conserve labor, materials, energy, and time. It is one of the ways to be efficient.

Today it is not even critical whether a member of a work collective at a state enterprise or united agricultural cooperative [JZD] works manually in a production operation, or works with his mind behind a desk. What is important is how much each person brings into the enterprise till with his own work. His compensation should be based on this alone. This viewpoint must be inculcated, for instance, by the work collective council, but mainly by communists. This is a manifestation of the growing role and impact of the working class. In his contribution to the discussions at the 14th CPCZ CC Plenary Session, Comrade Frantisek Kubes, a foundry worker at the Prague plant of Ceskomoravska Kolben-Danek [CKD], stated with regard to the conditions of modernization and technological innovation, "This is the way we see it, workers, and with us all the technicians, design engineers, technologists and other employees of the factory." In that little word, we, he expressed the new quality of the time.

Now it is also a matter of taking a much more dynamic view of production and satisfying people's needs. For instance, at the recent celebration of the 100th anniversary of the production of specialty steel at the Kladno United Steel Works, national enterprise, it was noted how many technological changes the plant has undergone over time to reach the current, almost fully automated operation. Only by changing in this way have the Kladno works stayed in the forefront of steel making facilities. In this time of scientific and technical progress factory modernization is increasing throughout the

world. The need to smoothly improve the training of all members of collectives is increasing rapidly as science gets involved directly with production. New professions are entering the lives of enterprises. Scientific and technical information is occupying an important place. This places significant demands on both political work and on the search for new, more effective forms.

In agriculture as well we have succeeded in creating opportunities for creative initiatives in a number of state of the art cooperatives. This has primarily been possible due to the creative application of cost accounting, brigades or other modern forms of work organization and compensation. Less is said about the activation of the human factor in conjunction with the reorganization of ministries as new, solid managerial centers. For instance, kraj and okres agricultural administrations have been eliminated, and their place has been taken by a division of the ministry of agriculture and food. In letters readers have more than once expressed doubts as to whether these are only formal changes that will contribute basically nothing new.

To be sure, two-tiered administration has been put in place and administrative demands are declining. The fact remains, however, that the efficiency of the new structures will depend on how well the "office" turns into a creative work teams. Many employees have not had to display independent creativity for years now. However, people learn very quickly how to negotiate rationally when they find themselves in a situation of substantially different conditions of evaluation and work compensation. Changes in this area should be made as soon as possible in central offices.

Our society has still not fully valued the ability to teach and train people, to form a personality with independent views on problem solving. This is also why there are few candidates for directorships, few people who are willing to undertake the risk of entrepreneurship.

Enterprises will have to undertake profound analyses to figure out both how to activate R&D efforts and how to change the creative powers of their employees into viable products. They can start both endeavors today. The 14th CPCZ CC Plenary Session has articulated a clear political strategy to follow.

Higher Work Standards Seen Necessary for Restructuring to Succeed

24000173b Prague RUDE PRAVO in Czech
20 Jul 89 p 1

[Editorial: "Impatience"]

[Text] Many people associated the announcement of the restructuring of the economic mechanism with an image of a national economy that would function better (which was correct). They also thought that it would all happen quickly. There were also those whose thoughts came up with a contraction: today, restructuring—tomorrow, full shops. One cannot fault them for this. They were face to

face with such an immense change for the first time in their lives, without experience or any idea what had to be done first in order to fulfill their dream.

Preparations for the economic reforms have been under way now for two and one half years. There is no need to enumerate what has been done so far, especially from a legal organizational standpoint. More and more people, however, are getting the impression that all this is taking too much time, that the restructuring is proceeding too slowly. People comprehend that many new laws and decrees are in place, that more than 2,000 state enterprises are in existence, that three tiers of management have been shrunk down to two tiers. What they do not like is looking from store to store for goods that should be readily available. From this perspective the restructuring hasn't started to function yet. In this context it would be out of place to remind people that the new economic mechanism takes effect six months from now. Much more truly could have been accomplished already.

State enterprises acquired great authority when they became independent. They are only now getting used to this and looking for ways to use it properly. Above all they are dealing with the problem of self-finance. It cannot be said, moreover, that they always choose the correct path, or begin correctly. So far most of them are leaving out the main thing; reducing costs of production, including the costs of power, raw materials and material inputs, etc. They imagine that they cannot get by consuming less, and if their output is expensive when produced this way that the customer will just have to pay high prices for it.

It is not news that our industry and construction consume much more energy and materials per unit of output than other industrially advanced countries. But they cannot muster the resolve to make better use of their inputs. Statistical studies show, to be sure, that production consumption is declining, but at such a slow pace that it will be decades before we will be comparable to other countries. This is true even though cost reductions are rightly viewed as the main source of profits.

It is well known that we use the work day poorly, wasting between 10 percent and 30 percent of each day. (In developed capitalist countries the figure is estimated to be about five percent). How much more could we accomplish, how much faster could we build, how many more goods could we bring to market? This is not the main point. The main point is that we are paying, and paying dearly for this time that is not worked. It is no surprise then that the rate of growth of wages is exceeding the rate of growth of labor productivity. Moreover, currency is making it into circulation which is not backed up by completed work. This in turn is one of the causes of excess purchasing power, a disproportion between the volume of goods and wages.

Perhaps we could take a small step to resolving this issue if people would spend more time at work making high quality products. But people continue to complain about

the inferior level of products, services, and labor. We still devote too little time to inspecting work performed even though a Federal Government resolution has been in force for two and one half years now mandating an increase in product quality. The People's Control Commission, after all, has forced many tens of firms to pay more attention to quality, but obviously cannot enforce these decisions everywhere. After all, what are enterprise inspection offices for?

Certain bad habits make the transition from old times to newer times. One example is the tendency to find fault with others rather than with oneself. There is no doubt that supplier-customer relations have, to put it crudely, gone to the dogs. Each person waits for the problems to be solved, but no one does anything to make it happen. With this kind of attitude nothing will ever happen anyway. This is true not only of supplier-customer relationships, but also of many other problems where everyone hopes that someone else will deal with it and deliver a finished solution.

Is the restructuring really proceeding so slowly. Yes, changing the way people think is proceeding very slowly. People let go only with difficulty of the preceding four decades when everyone was always planning, allocating, designating something for them. They find it hard to grasp the idea that all this and many other things depend solely on them. But once they have grasped this unalterable fact they try to use their work to facilitate the achievement of certain results. One way they have done this is to decide to produce only more highly priced goods and reduce the production of lower priced goods. Another is to comprehend innovation both as a matter of prestige in serving better than before, and also as a way to make more money. Others try to produce more than before, but at the expense of quality.

Given such attitudes the path to sufficiency is very long and twisted. This understanding of restructuring calls into question its purpose and rationale. Again it is necessary to very urgently remind people that the character and quality of the economic reform does not depend on new laws or organizational reshuffling, but on the quality of the work that we perform, on its honor, its creative contribution. It also depends on order and discipline.

We have nothing against impatience that the promised results are not yet visible. One must just realize that the impatience of others does not solve anything. The only resolution is that each of us do better than we have ever done. It is good to be impatient, but primarily with ourselves.

There are work collective councils in all state enterprises. They are equal partners with management. Only rarely do they assume their new role, and take upon themselves the authority granted them. The first step must be, however, to understand that they must be the initiators of better work time utilization, strict adherence to technical discipline, improved product technical sophistication and quality, the

implementation of just compensation based on actually achieved merit or the amount, importance and quality of work performed.

A simple equation now applies. The sooner the work of everyone improves the sooner the restructuring will begin to have its expected impact. The reverse is never true, neither in socialism, nor anywhere else in the world.

Magazine Highlights Problems of Entrepreneurs

Bistro Owner Discusses Obstacles

24000158 Prague SIGNAL in Czech No 15, 1989 p 6

[Article by Lenka Mostekova: "Private Owners From Mars"]

[Text] "Did you perhaps fall down here from Mars? If you continue to operate this way, your bistro will soon end up on the auction block." He was young and self-confident, supposedly a waiter in a renowned Prague hotel. He came to see with his own eyes the woman who had decided to establish a private enterprise. He expressed himself very contemptuously about their methods of operation. Jan Librova's approach to the customers was obviously a great mystery for the old hand from the big city.

"Why should I cheat my guests? Then nobody would come here any more..." Naive? Imprudent? But strangely one can also get along with this conviction. You do not believe this?

The local national committee in Velesin grants permission on the basis of your application of 28 February 1988 and according to Paragraphs 1 and 4 of CSR government decree 1/88 of the Sbirka on the sale of goods and providing other services....

The permission had arrived, and so Jana Librova went into business together with her husband.

At first she did not want to hear of a visit from the newspaper. "Come in the spring when we open up again. What's more, they have already written about us, and you know how it goes. There are still people who find our bistro disagreeable. They think that it is a gold mine. When slanders do not work, they inform on you and send a sincere letter to the appropriate place..."

We deliberately came for a visit after the season had passed. This was the right time to look back on things. The Librovs were some of the first who decided to put their industriousness and enthusiasm into an undertaking of this type.

"Are you actually going to open up again, or has the experience of the past 5 months taken away your appetite for it?"

"It is not at all a matter of those last 5 months when we were open. The greatest work was just in getting the bistro opened," says Jana Librova. A year and a half ago the entire family pitched in to improve the gloomy ruins of a farm not far from Velesin, where the Librovs live. They bought an old workshop.

And it could be sold, possibly under the auspices of the local national committee. However, it had no interest in this service despite the fact that on highway E55 there is not a similar refreshment stand for miles around. They sent the applicants to Potravina and Jednota, but Jana Librova did not go there because they supposedly have enough problems already with the stands at Lipno. Finally she decided to do it on her own. The whole family joined in on the finish work. After fixing up the interior, they built the terrace, a nice one with an eye-catching fence around it. They put their vacations, Saturdays, Sundays, and free afternoons into it. They wanted to open up the first of June. But the health inspectors came on the day before the opening and said: No! It had been discovered during the inspection that not all the conditions of the previous evaluation had been met and that other deficiencies existed which would cause a health hazard in the use of the area...

What a lack of conscientiousness on the part of the owners, we said to ourselves. After all, every shop must meet the exacting health requirements. They protect us, the customers. And so we asked about the unsuitable conditions which the Librovs had not corrected and they wanted to show us who knows what kind of prejudice. Despite the fact that the bistro falls into the fourth price group and it is just a normal kiosk, even though the equipment was not suitable for it the owners were supposed to install toilets, a preparation space for producing ice cream, a dishwashing area, ensure the floor and walls of the preparation area could be washed down, make sure there was sufficient hot water for consumption and for dishwashing, and if not directly in the room where the sales were made, there had to be a washroom somewhere for the customers, or the business could not be opened on schedule.

Basically it was a matter of unlocking the doors, opening up the umbrellas, and inviting the guests in. The Librovs had to face up to the question, however, of whether to close down, actually not ever to open, or to turn to the superior kraj agency. It considered their comments, made an immediate decision, and they could open up. Nonetheless, the Librovs had to keep working on a space for preparations. They had to set it up in a trailer, a caravan in the courtyard, and the obligation was taken care of. Supposedly they had the best ice cream in the kraj. But let us get back to the requirements which the okres health inspectors placed on the new business. Obviously they have two separate yardsticks for evaluating the health "hazards." What bistro or stand at any popular location for outings has the capability of maintaining as good standards of cleanliness as here at Velesin? Where did anyone ever see a kiosk that had a place for the customer to wash his hands when they got

greasy from a grilled sausage? The well water is suitable for infants to drink or else the health inspectors would not allow it... And as for putting in toilets? The fourth price group of this type does not have any WC in the description of the work. Not that the Librovs did not understand the problem, but there was no money for it even though they want to put in some nice toilets in a year to replace the temporary WC. This is of their own volition. We wish the health inspectors would put similar demands on the kiosks operated by the state organizations.

A week before the opening representatives of the national committee from Cesky Krumlov came here and told the owners that they must do all the "paperwork" the same as any other business. No more and no less. Bills, delivery receipts... Every beginning is difficult and even though Jana Librova is a trained saleswoman, she lacked the necessary experience to make the reports on sales and purchases. Friends came to her aid. "At first I was terrified of all those papers, but I finally got on top of it. One friend gave advice and another one checked things over. It was worse that nobody came during the season so that possible problems could have been cleared up routinely..." recalls Jana Librova. Only after the season was over did the auditors take the paperwork. Supposedly everything is alright, but nonetheless Jana Librova will get some additional training on keeping books on the accounts. We ask ourselves, could this not have been done before they opened up? Or did they perhaps wait to see how the private owners fared? Even the unscheduled audit of the commission of trade and tourism of the MNV [local national committee] Velesin did not find any serious deficiencies. We found this entry in the comments and complaints book: "...The cleanliness of the glassware used was checked and there were no deficiencies. In the business area there is a large assortment of both alcoholic and nonalcoholic beverages. The interior and exterior surroundings are kept quite clean. We were satisfied with the service..." The inspection book, about which nobody had said anything to the owners, did not, however, pass the check; the comments and complaints book, despite the fact that there is no requirement for it in a private business, did not have numbered pages.

"Why would I have to number the pages? I do not need to tear any pages out. I take every comment as being helpful and not derogatory..." says Jana Librova, still not robbed of her optimism.

Friends reproved the new bistro owners not to be so trusting toward the customers since no everyone is tuned into the same wavelength.

The bistro is really just a kiosk even though its furnishings could meet the requirements of the third price group. Cozy seating at four small tables and the bar with nice music and the crackling of firewood coming from the fireplace built by the owners' own hands. On the terrace, seating under the table umbrellas.... For the owners it is not a matter of increasing the price group,

however, but of improving the services. "It is up to me how much I invest in improving the bistro and I want the guests to be able to get by inexpensively here."

Jana Librova does not practice payment "upon receipt." She considers trust to be an indispensable part of business. True, there are people among us who greatly deride such a view, and there are also those who abuse trust to their own advantage. "There was a family here, four tourists from another country, who ate, drank, and drove off without paying. It is not so much the 200 they owed as it is my sadness over such behavior. But luckily there are not many like that."

The Librovs even come up short in counting their glasses and bowls at the end of the season. Some get broken and some... The honest customer leaves the bottle on which no deposit has been paid on the table while the more efficient ones return it to the towns not far away... Jana Librova does not hold with pessimism and now after the season she is recouping her energy.

"Some people think that we are papering the walls with money, but we gave that up. It takes too much work, and the bills can easily be stolen so we could not have any company over," she jokes with a trace of bitterness. Recently a reader from Moravia wrote the Librovs after reading about their problems in the newspaper: "you will always be a thorn in the side of people who are not up to hard work, but hang in there!"

"I started to do the bistro, which has been my dream for a long time, by myself. My husband immediately opened up an auto repair shop alongside, but I could not have made it without his help. Finally I also put my son and daughter to work as well. Everyone sees it coming up roses, even if slowly, and the work? You cannot imagine what all is required. We were open from Wednesday to Sunday and on Monday and Tuesday we went shopping and looked and looked for things..." Jana Librova can also do her shopping in the wholesale stores, but for a small bistro without a storage area you cannot buy everything by the case or crate. So they shopped in the stores like everyone else. Cleaning up, paperwork, washing glasses—all summer the same cycle. Why all this? "You know, it is my obsession and passion to provide people with a pleasant moment in nice surroundings without any rush or getting on one's nerves. Some people may take it as just words and pretenses. We hear you and you should pack it up..." On the average each of them earned two to three thousand a month, but at what a price. The Librovs are some of the first and perhaps they invite attention, not always of the most favorable type. Honest people can understand them, however, and of course most people would not trade places with them. They know why and there is still a lot to be done. An informational vacuum, still running a business without legal guarantees, the tax burden...

The words of Ladislav Adamec at the program announcement of the CSSR government in November of this [sic] year are encouraging: "...The government is

studying suitable methods for better utilizing the economic tools to expand the individually offered services. There are still many capable people who are considering whether they should get into this. We assure everyone that their participation will be welcomed and that we are taking economic and legal measures to support them.... We consider the conjunction of skills with enterprise to be one of the creative forces which it is necessary to utilize for the well-being and benefit of society."

Auto Repair Shops Burgeon

24000158 Prague SIGNAL in Czech No 17, 1989 p 6

[Article by Lenka Mostekova: "David and Goliath, or Into the Workshop Without Fear?"]

[Text] Anyone who is capable of expressing himself only in an avalanche of words as to what must be done is also capable of committing other inappropriate actions. This motto can be found in one private Budapest auto repair shop. The Czechoslovak television news asked the owner of the repair shop about the good and bad features of being an entrepreneur in this field. He replied, "A man is working for himself here, so he pays closer attention and tries to do high quality work; otherwise his business will not do well. And the customer is then understandably satisfied. When a large enterprise does not fulfill its plan or does poor quality work, the director still gets the same pay regardless..."

The government directive on the sale of goods and providing other services to citizens on the basis of permission of the national committee has been in effect since February of last year. The year has sped by, and, like mushrooms after the rain, little shops are peeping from the storefronts, stands are showing up at the markets, the daily newspapers carry ads again offering services of the most varied nature... Is it this way everywhere? Only the citizens themselves could answer that question. There are towns where, for the time being, access to opportunities to provide services on the basis of permission of the national committee is slowly opening up, but you can also find ones where people know how to seize the opportunity. The capital city of the Slovak Socialist Republic belongs to this second group. At the end of last year the city national committee had registered almost 800 licenses to provide services to citizens. We went to the gasoline pumps at Zlate pisky for the story behind one of them.

A notice was glued to the glass doors of the workshop to the rear of the gas pumps: routine services performed here—supervisor: Stanislav Supuka. The usual information. What might surprise you, however, is the note about shop hours: on weekdays you can find assistance here from 10:00 A.M. to 6:30 P.M., on Saturday until 5:00 P.M. and on Sunday until 3:00 P.M. If you feel the need for help outside of the "regular" hours, do not despair. Call 66 92 56 for very sympathetic information. Will the services be the same?

Circumstances were such that we were convinced of the quality of services here in the first few minutes.

"I am completely delighted," said Vaclav Pitrun from the Letohrad JZD [unified agricultural cooperative] of the work performed. He had come to this area on a business trip not suspecting that his Skoda would break down. "I did not even dare to go to one of the larger service stations, since I have already had experience with them, and I do not have time to hang around for two or three days until they get my car fixed."

"Am I satisfied? That is not a strong enough word. Judge for yourself. He looked at the engine and moved something around, and it was ready to go. When I wanted to pay him something, he just waved his hand and said 'Don't mention it.'"

Both the supervisor and owner of the shop, Stanislav Supuka, had his hands full with work, so we held our conversation over the open hood of a Skoda.

"This workshop belongs to Benzinolu," he says. "It was closed for two years, so I asked for a lease, and the enterprise met me halfway. I pay Benzinolu a thousand korunas a month for the lease. I think that both parties are satisfied. I have worked here since last July as my second job, and since January it has been my main employment."

If you own an automobile, you have surely had more than one experience with the quality of service that the giant service stations provide us. Someone once expressed the thought that small private repair shops somehow cannot compete with state enterprises. As far as equipment is concerned that is certainly true. But it is a different matter with the quality of services provided. Most of the time the customer turns to the service station with small problems, but it nevertheless costs him, first of all, time and generally gets on his nerves.

"Has it happened that you had to send a customer to the competition?" we asked the owner of the small service station.

"Never. I have always taken care of everyone. It would have to be that I was not up to the work. It is true that the big service stations are better equipped. I also wanted to buy some of the more expensive equipment, but I ran into problems. For example, I wanted to set up a Paltest, but Jiskra Tabor does not sell it to private parties, so I cannot provide this service," answers Stanislav Supuka.

Enthusiasm is not enough for a repair shop. The owner of an auto service station must struggle with shortages of spare parts just like the big enterprises. He hunts them up wherever he can. He goes by Mototechna every week. In addition, he buys in the stores at retail prices so he has to make his living off the work performed. But it must moreover be higher quality work.

"You see, people already know which parts are not available on the market, and so they would rather get them before they come in for servicing. They are used to

this practice in dealing with major repairs as well. So this helps somewhat to resolve a difficult situation. But my customers are satisfied with me. They do not have to wait at the reception desk until some unnecessary paperwork is performed and then for the verdict whether the car will be repaired and, mainly, when. I follow the rule that the customer must know what the deal is, what must be done, and how long the repairs will take, whether he can take the car immediately or the next day."

We asked at the city national committee in Bratislava whether there was interest in operating automobile service stations: "Judge for yourselves. By August of last year there had been a total of 11 licenses issued. The individual district national committees were tasked with informing the populace by the most varied means of services being provided to citizens in Bratislava. Events moved swiftly after that. By the end of the year another 21 repair shops were added, six of which are being run by the owners as their main employment," said the chief of the department of local economy Eng Peter Moravek.

People who want to provide good, high quality services have the green light. This attitude on the part of the national committees helps to resolve the shortage of services in Bratislava.

"The original conditions for providing services to citizens were quite difficult. The new decree which took effect in January of this year on relief in taxing the citizens' income is a big contributing factor for operating services. Undoubtedly it will soon be reflected in their quality. People will have the opportunity to improve the equipment in their shops, in which case the services will also be of better quality. After all, a person needs not only the skills, but also modern equipment," says Eng Moravek.

The individual national committees in Bratislava are trying to meet the citizens halfway. "We do not want to spoil people's appetite right at the start. Those people who are not up to it will drop out by themselves. We have here a couple of cases where people have decided to get out of the services, but you could count them on the fingers of one hand. We are instead handling more requests for permission to be employed ancillary workshops."

There are hundreds of requests and supplements, and there are stacks of data. Despite the flexible attitude on the part of the city national committee, the necessary paperwork could soon become a scourge. Here they, as one says, took the bull by the horns. They enlisted an able assistant, a computer. At a simple glance, you can determine which service is still inadequate in this or that district, the addresses of the services provided, the date of the license for services, what kind of employment relationship there is... As can be seen from looking it over, people are not afraid to plunge into unfamiliar waters. Alongside the more common but still inadequate services, such as construction work, glazing, and cabinet

making, we also find ones that we have searched for in vain in the service sector: dog grooming, building aquariums, birch baskets...

"We are looking for ways to open up services which are simply inadequate in Bratislava. One of them is shoe repair. We requested that the district national committees find suitable workshops for those citizens. In determining the rates per square meter for the lease they should be given the lowest possible ones," adds Eng Moravek.

But let us return to the auto service station and to the question of competition between the big service stations and the small auto shops in the hands of citizens. Do we want it to be like David and Goliath? Definitely not. The large service stations could concentrate on medium and major repairs, and the small repair shops could rapidly master the routine ones.

Further Reduction of Energy Use Urged

24000175a Prague RUDE PRAVO in Czech
27 Jul 89 p 1

[Editorial: "New Information on Reducing Energy Intensiveness"]

[Text] The 17th CPCZ Congress set a goal for reducing the energy intensiveness of the national economy during the Eighth 5-Year Plan of an average annual decline of 2.9 percent in fuel and energy consumption per unit of national income. In the first three years of the plan the actual figures lagged far behind these goals. The same was true last year when, even though we were able to decrease energy intensiveness by 3.4 percent, factoring out the impact of exceptionally favorable weather left us with an improvement in energy intensiveness that was half of the plan target.

The current adequate supplies of most types of fuels and energy tempts one to conclude that the plan built in excessive growth in their production. In reality, fuel and energy consumption is at planned levels, but national income formation is well short of planned targets. In 1988, for instance, fuel and energy consumption for the national income that was generated was supposed to be 2.7 million tons of standard fuel equivalent less than projected by the 5-year plan. In reality, consumption was only one million tons lower.

The primary cause of this situation is that sectors with energy intensive output have been exceeding their production targets. Last year production of pig iron exceeded planned targets by 56,000 tons, steel production by 300,000 tons, and rolled materials production exceeded targets by 480,000 tons. This excess production consumed an additional 400,000 tons of standard fuel equivalent. This developmental trend stems from a failure to meet targets for reducing energy intensiveness of the national economy, and above all the declining export competitiveness of processing sectors, especially machine building.

The critical factor, however, is the exceeding of production consumption standards on an ongoing basis. In the first three years of the Eighth 5-Year Plan we exceeded production consumption targets by approximately 1.5 million tons of standard fuel equivalent annually.

Isolated measures adopted to improve this situation have, to be sure, brought results. For instance, Decree No 18/1988 on reducing fuel and energy funds when they are used uneconomically has become a relatively effective motivator to force enterprises to utilize nontraditional sources of energy, such as small hydroelectric plants, waste heat, etc. There have also been positive experiences with measures instituted by the ministry of fuel and energy, in which the proceeds of fines levied by the State Power Inspectorate are used to support rationalization programs. So far almost Kcs seven million have been allocated to this purpose. This is not a large sum, but three times the resources would have to be expended to obtain an amount of energy equivalent to the savings financed in this way.

At the same time it is clear that only a restructuring of the economic mechanism can turn this situation around, by creating an economic environment in which it will not be possible to behave uneconomically, and by implementing fundamental structural changes that will bring the products of selected processing industries up to average world levels and suppress the production of items that are energy and materials intensive.

This will not be a simple maneuver. After all, despite the implementation of most of the principles of the new economic mechanism since the beginning of last year, we cannot expect economic mechanisms to be fully effective under conditions of economic equilibrium. For this reason limits on consumption will be retained, to a more limited extent, and with a change in their definition. However, new mechanisms must unconditionally be introduced into consumption management. These will be mainly a pricing policy, a credit policy, and state participation in selected rationalization projects in the form of subsidies, tax abatements, transfer payment abatements, etc. In addition a resource allocation request is being prepared to support the production of machinery and equipment that use significantly less fuel and energy.

The formulation of an overall fuel and power policy for the next 15 years currently lacks clear structural change objectives. Current objectives of specific sectors indicate that reductions in power consumption by the year 2005 will amount to 25 percent of the requirements stemming from the projected national income formation and available fuel and power resources. At the same time certain theoretical works are advocating still greater reductions on the grounds that the high economic intensiveness of producing fuel and power takes resources away from needed structural changes.

Management by economic mechanisms and implementing a restructuring both require quality economic

information. Unfortunately, currently the type of information needed to monitor the development of energy intensiveness is lacking. Energy intensiveness is monitored as a ratio of consumed energy to national income generated. It is not possible, however, to specify the share of each sector and enterprise in the unacceptably high energy intensiveness of our national economy because the statistical techniques currently in use do not gather this type of information.

Clearly, the difficulties in reducing energy intensiveness are much greater than originally expected. High energy intensiveness it turns out is both a reason for and a consequence of the ineffective behavior of our national economy. This somewhat contradictory assertion becomes more comprehensible when we realize that, for instance, the mining industry and the heavy engineering sector mutually impact demand. Coal mining also requires machinery the production of which is heavily steel intensive. Coal is needed to produce steel, and heavy machinery is needed to mine coal, etc... This argument also leads to incorrect views, according to which structural change can be implemented and energy intensiveness reduced by sharply curtailing the construction of additional mines, power plants, and pipelines. This is possible, however, only with a corresponding decline in consumption. Reducing energy intensiveness undoubtedly requires thoroughness and sometimes even unpopular decisions. Throughout the process, however, we cannot disrupt the equilibrium between supplies of fuel and power and the actual consumption of the national economy.

GERMAN DEMOCRATIC REPUBLIC

Employment, Recruitment: Demographic Aspects Studied

23000228 East Berlin SOZIALISTISCHE
ARBEITSWISSENSCHAFT in German No 4, Jul
(Signed to press 26 May 89) pp 272-278

[Article by Peter Gerull and Angela Kirchner, staff members of the Industrial Social Policy Research Group at the "Fritz Heckert" FDGB [Free German Trade Union Federation] Secondary School: "Problems of Labor Force Recruitment Viewed From the Social Perspective"]

[Text] In the comprehensive process of increasing production, science and technology, in their capacity as modern productive resources, influence the qualitative development of socialist rationalization and the recruitment of workers for the purpose of assuming other job duties. In addition to fulfilling economic goals, improving the living and working conditions of workers is an issue which simultaneously enjoys equal priority on the daily agenda because their labor must be made more productive, more meaningful, and more conducive to the development of the personality than heretofore. How this process is accomplished and what role the union's

representation of worker interests plays in it, was investigated in over 25 enterprises by the Industrial Social Policy Research Group at the "Fritz Heckert" Trade Union Secondary School. A representative number of workers were included in the study and they were interviewed concerning their own personal experiences.

The results make one thing clear: Success in applying the Schwedt Initiative as a strategy for rationalization essentially depends upon the extent to which one is successful—in concert with the WAO [Scientific Work Organization] and through the active cooperation of the workers—in ensuring better use of social investment and labor assets from both the economic as well as the social point of view. Social questions and problems are not merely the consequence of economic development. Their solution is an important prerequisite for the recruitment of workers to new, more pressing tasks. In this way, each side influences the other.

One of socialism's priorities is to systematically shape the objectively existing relationship between economic and social development in the interests of social progress for all classes and strata. This is, after all, what the SED's [Socialist Unity Party of Germany] economic and social policies are based upon. To be sure, mastery of scientific-technical progress requires specific, socially sophisticated measures in regard to the more efficient commitment of certain groups of workers in the labor force. This process is still in the beginning stage of its development, but the lessons that have been learned to date and the problems that have been identified must be generalized in order to develop new solutions within the framework of industrial and governmental social policy.

The necessity for socialist rationalization does not coincide from the very outset with the needs of all workers in the labor process. To the extent that this is the case, the enterprises must conscientiously harmonize personal, industrial, and social interests. The unions, as representatives of the workers' interests who are exercising their rights and responsibility as guaranteed in the constitution of the GDR and in the labor code, have a decisive role in this. In particular, great challenges arise from this in regard to political-ideological work—the principal field of union activity. As the studies confirm, work with the individual is critical in determining the effectiveness of this. The standard of applying the Schwedt Initiative is still very non-uniform in the individual enterprises and combines. As established during the seventh session of the SED Central Committee, good results have been achieved where "high goals for saving man-hours and manpower" were established "for each new product and each new technology."¹

In its technical-organizational aspect, the process of labor resource recruitment is represented by the elimination of an existing job and the creation of a new (different) one. The worker is at first released by socialist rationalization measures and then employed again in a more efficient manner. This process is accomplished

while maintaining the continuity of and further developing the relationships established by the labor code. In this, harmony between the interests of the enterprise and those of the individual must be assured. In this sense the worker is "recruited." "Recruitment" conceptually expresses the release and reemployment of workers as a consequence of socialist rationalization measures in the GDR. The workers whom we involved in the study were, in this sense, personally enlisted for new assignments.

In the enterprises we encountered a broader interpretation of the concept "recruitment." Occasionally, every time a job opening is filled it is understood to be recruitment—even when the affected workers were new hires, were accepted from vocational training programs, or were transferred within the enterprise. In some cases, plan quotas for the more efficient reallocation of labor resources have been "fulfilled" in this manner. This goes against the necessity for the national economy and the enterprise to create efficient work force structures. Union leadership, in exercising its educational and monitoring rights, must not go along with such practices on the part of an enterprise because in the final analysis they go contrary to the workers' interests.

In its defined context, the definition of the recruitment process includes the diverse and varied nature of the process itself. Because of the representative nature of the enterprises and workers included in the study, it was possible to establish certain *typical processes* and to formulate *social problems*, as well as to arrive at generalizations. In the following pages, three selected problem complexes will be dealt with.

Socio-Demographic Aspects of Recruitment

Analysis of the age structure of recruited workers shows certain important fundamental trends that are significant for the union's work of representing worker interests. Enterprises prefer younger workers for recruitment. The percentage of *older recruited* workers (45 years old and up) is considerably lower than the percentage of this personnel category in the total number of workers in the enterprises studied. And taking the aspect of demographic developments in the GDR by the year 2000 into consideration as well, it is clear that under rationalization older workers will—to a greater extent—have to be afforded the opportunity of working at new jobs with modern technology. As has been established on the basis of the developing characteristics of work, work has become more varied, more interesting and more stimulating—and more oriented toward problem-solving. Work which is physically demanding and dangerous to health has diminished. Because of the predominant practice of including younger workers in the recruitment process, there is a tendency for median ages in areas that have not been included in rationalization to increase. That is accompanied by an unjustified differentiation of social conditions. At the same time it should be pointed out that problems with recruited workers could arise in the future because of the age structure of the collectives.

Investigations were also conducted as to whether there are different or common developmental trends for *men and women* in terms of social issues as a result of recruitment. Upon examining the development of work characteristics before and after rationalization, it was determined that for both groups work had become more varied, more interesting, more stimulating, and more oriented towards problem solving. Physically hard work is being considerably reduced, and so too is monotonous work. Although in some cases proceeding from different initial levels, progress in the development of work characteristics has been greater for women. Quite widely varying features were observed when each sex's reasons for taking a new job were reviewed. While more favorable wage terms and training opportunities had equal weight in both groups, the technical/technological set-up in the new job positions and the better opportunities for career development were considerably more of an incentive for women to change jobs than for men.

Taking Advantage of Training Potential and the Role of Training in the Recruitment Process

Modern technology, and the key technologies in particular, present new requirements for the training of recruited workers. They have to expand and use the training they have already received in a more comprehensive manner. During the study it was discovered that great training potential is characteristic for the recruitment process. When renovating, the enterprises studied concentrated primarily on key areas where a high level of training already exists. To be sure, this procedure enabled them—to the maximum extent possible—to fulfill the objectives of the economic strategy relevant to their area of responsibility; it is evident, however, that in the future the elimination of jobs with low training requirements must be of equal importance during renovation operations. There continues to be the requirement to place the greatest emphasis upon rationalizing more of those work procedures which involve a great degree of manual and monotonous labor as well as aspects which make work more difficult.

Furthermore, it was discovered that training problems are being solved primarily within existing structures. The figures regarding the attainment of a new qualification level underscore this finding: On average, only 3 percent of the workers polled had attained a new qualification level. Of decisive importance for the solution of qualification issues in the recruitment process are changes within the individual qualification levels. The trend toward the increasing, systematic employment of workers in immediately available jobs and increasing qualifications in the context of the already existing vocational training programs is to be considered typical in this regard.

Mastery of microelectronics, robotics technology, computer-controlled processes, data processing, and biotechnologies places new demands on all workers at the individual qualification levels that to some extent were

unknown at the time of their training. One result is continuing training *within* the qualification levels that already have been attained.

The studies showed that training measures were necessary for most of the recruited workers in order to prepare them for their new job assignments. The required training for performing the new job assignment was, for the most part, accomplished through supplementary training in connection with training previously completed. The trend is that the new job tasks can only be performed as a result of supplemental training.

Setting up supplemental training programs was done in various and sundry ways. Focal points for the manner of acquiring additional qualifications could be established. In this way, half of the recruited workers could be brought up to speed and trained at their new workplaces. Nearly a quarter of those polled participated in a course of instruction in preparation for their new work assignments. The number of participants was not the only essential criterion for judging the continuing training efforts: The criterion of "Getting to know the new workplace before starting operations," which was applied during the study, made possible further statements about the quality of training during recruitment. In this regard reserve capacities became evident since only half of the recruited workers had visited their new workplace.

In general, the results make clear that continuing training must not be focused merely on the imparting of facts and the mastery of specialized techniques, but must proceed in a manner that is more strongly oriented towards the work tasks and the workplace.

The grouping we did in the context of the recruiting process according to the type of technical-technological restructuring confirmed the overall results in regard to training and advanced the learning process. It was established that similarities and differences exist in solving training problems in the context of recruiting workers. Similarities were evident in regard to long-term planning and the preparation of continuing training efforts, the targeted inclusion of recruited workers in every phase of training, and the conducting of continuing training primarily at the enterprise and combine-level. Differences appeared primarily in the scope, length, and content of training. From an analysis of both groups it became evident that in the enterprises and combines where workers were being recruited for comprehensive restructuring undertakings (e.g., new construction projects), the tendency exists to arrange for more comprehensive training measures than in enterprises where they are being recruited for partial restructuring projects (e.g., modernization/renovation).

In this connection a further tendency became visible: The training of workers who were being recruited for comprehensive restructuring projects developed more and more into a system of diverse continuing training programs. It increasingly consists of preparation at

formal courses, training on models and machinery/installations, behavioral training, inclusion in the construction of new installations, the taking of refresher exams, and the earning of proficiency certifications. The study results proved the existence of this trend since, in comparison with the group involved in partial restructuring, more workers of the first group participated in a course, more of those polled visited their new workplace prior to their transfer, and more recruited workers received a theoretical explanation concerning processes at their workplace.

In the group of workers recruited for partial restructuring projects training problems had a lower priority in the discussions about the restructuring and one-quarter of the recruited workers did not become acquainted with their new workplace prior to their transfer. This discovery justifies the conclusion that, among other things, the trade union leaderships must carry out their cooperative work in a more sophisticated and problem targeted manner in both groups and identify specific areas for their activities. Some of these latter are, for example, cooperating in the restructuring discussions, monitoring the training measures, and striving to ensure that the worker establishes a relationship to his new workplace by getting to know it expeditiously.

All told, the studies of the recruitment process illustrate very vividly that the procedures for solving training issues are most effective where a planning program of measures for the individual worker—differentiated according to the requirements of the respective job tasks—is drawn up, discussed jointly with him, and carried out.

Forming Collectives and Developing Intracollective Relationships

Changes within the work collectives are brought about as a result of the recruitment process. They take the form of dissolutions, new formations, and reorganizations, and tend to lead to a transformation in the work collectives. The transformation touches nearly all factors of basic importance to the collective. In addition to the personal interests of the workers, these factors are primarily issues of working conditions and the nature of the work to be performed, intracollective relationships, the relationship between the collective's leader and the collective itself, and the change, composition, and size of the collectives.

It can be stated that every recruitment measure necessarily touches a certain domain of the collective, intrudes upon it, and changes it. These changes appear as various kinds of personnel transfers. The following kinds were noted as relevant to real situations:

- The transfer of individual workers to collectives that are being set up;
- The transfer of individual workers to existing collectives;

- The transfer of parts of a collective to collectives being set up or to already existing ones;
- The transfer of entire collectives.

It turned out that this multitude of ways to transfer workers within and between collectives had a tendency to present greater challenges for the collectives and the relationships within the collectives. Intracollective relationships are subject to certain severe tests—for example when it comes to giving up well-integrated collective members to other collectives or to incorporating new members into well-established and proven collectives.

The studies proved that the importance of the atmosphere within a collective is growing. Its character determines, among other things, the attitude towards and willingness to accept a different job assignment and transfer to another collective. On the one hand the individual worker's personal interests are to be taken into consideration in the recruitment process, and on the other hand the impression which the work collective produces is equally to be utilized.

The discussions revealed that the relationships within the collective do not play a subordinate role as far as recruited workers are concerned and the development of them is considered to be significant. The majority of the workers advocated good intracollective relationships. Interest focused primarily on the improvement or maintenance of the quality of the relationships within the collective. The results showed that for almost a third of the workers the relationships within the collective and the relationship with the leader improved at the new workplace. More than half of those polled considered the collective's standards to have been maintained.

One fact well known from sociological literature has been confirmed in regard to those enterprises with high percentages of recruited female workers: In these economic units the priority placed on intracollective relationships was higher than the average of all the enterprises polled. In the opinion of the women, the climate in the collective and the relationship to the leader improved in almost 40 percent of the cases. The results show that in women's areas the intracollective relationships exercise a more significant degree of influence than in areas with a high percentage of recruited male workers. Thus, the issues of collective formation and the atmosphere within the collective should be given particular attention in women's enterprises.

Further proof of the greater demands placed on collectives and their relations by recruitment was produced by applying the "leader-collective relationship" criterion. Increasing importance is being placed on the relationship to the leader in issues regarding the prerequisites for the collective's development and the opportunities for increasing the welfare of the individual in the collective. It was noted that collective leaders play a critical role in recruitment and that the workers' understanding of, and their willingness and consent to accept another assignment, are critically dependent upon the leaders' conduct.

The relationship to the leader was high on the list of priorities regarding the social aspects of working conditions.

The restructuring discussions played an important role in forming good leader-collective relations. Having the collective leaders from the new field of work participate in discussions with the workers proved to be beneficial for the entire recruitment process. In discussions with recruited workers it was established that in those enterprises with a great degree of union cooperation in the recruitment process, not only had union functionaries been most frequently represented in discussions, but state managers from the old and new work areas as well. The participation of the new leader and the responsible union functionaries can promote the formation of more effective relations and tap reserve capacities. At this moment and in this situation the opportunity presents itself to the leader for the first time to create—together with the attending functionaries—the basis for an atmosphere of mutual respect conducive to cooperation and joint decisionmaking. The union's influence should be directed towards supporting the workers and the leader in the interest of an optimal development of the collective.

Collective formation and the development of intracollective relationships proceed differently. In cases of partial restructuring, the transfer of entire collectives or portions of a collective to collectives being formed or already existing ones is typical. In the case of comprehensive restructuring, primarily individual workers and portions of a collective are transferred to collectives being established. With the first group, existing work collectives and the reorganization of them are the central issue, while with the second group the formation of work collectives is the characteristic feature.

It was determined that collective formation and the development of intracollective relationships is a more critical factor in recruitment for comprehensive restructuring projects than in recruitment for partial restructuring projects. Studies are being continued in this direction for the purpose of arriving at further insightful conclusions.

It can be said in conclusion that for the formation of collectives in the recruitment process it is important how the latter is registered in the consciousness of the individual worker and of the collective. The inclusion of workers in all decisions regarding the development of intracollective relationships has a dominant role in this. In all phases of recruiting workers their active cooperation must be guaranteed in order to ensure the development of productive collectives.

Footnote

1. "Fulfill the Tasks of the Present in Anticipation of the 12th Party Congress," from the Report of the Politburo to the Seventh Session of the SED CC [Central Committee], reporter: E. Honecker. Dietz Verlag, Berlin 1988, p 17.

HUNGARY

Miners Schedule Anti-Government Demonstration

Grievances Aired

25000423 Budapest NEPSZAVA in Hungarian
23 Aug 89 p 7

[Article by Irene Szabo: "The Pecs Miners' Demonstration Will Judge the Government"]

[Text] Yesterday's meeting of the miners' union central leadership dealt with several difficult subjects. Jozsef Koczi, National Crude Oil and Gas Industry Trust trade union secretary, and Jozsef Zsengeller, the union's president, agreed that workforce reductions have become a continuous phenomenon in their enterprise, but that they are unable to accept unemployment as an alternative. The enterprise also has difficulty in accepting the fact that the benefits and advantages of imported natural gas are enjoyed only by the state, while the trust is obligated to lose money as a result of reduced production. The trust pays the import differential tax, while the people's economy earns 1,000 forints in profits from each 1,000 cubic meters of imported natural gas. And insofar as crude oil is concerned, the quantity of imports depends on the success of annual negotiations. The Soviet party promises nothing, and the choice of products the Soviet Union wants in exchange for crude oil is quite specific from Hungary's standpoint. Consequently, the facts of economic policy would not suggest a clear benefit from downscaling operations. This single level shrinkage is also worthy of consideration because we are losing value by letting researchers go, and because any kind of downscaling can be replaced only at the cost of heavy financial sacrifice.

After debating the subject, Executive Secretary Laszlo Kovacs discussed preparations for the 30 August miners' demonstration. He outlined the reasons that had prompted the uranium miners to protest the shutdown of their workplace, and to request the support of the branch trade union and the solidarity of miners. The extent of solidarity is greater than expected. This clearly proves that society will not leave 120,000 active miners on their own. The executive secretary stressed the fact that the demonstration at Pecs will not be a political action, instead it has to do and will have to do with the miners' economic and social welfare demands continually expressed since 1983. Since during those 6 years they have received only promises, nothing has taken place to settle the mining industry's situation. Unless, of course, one considers as "settlement" the fact that in the meantime some theoretical cognoscenti determined that it is the nation that sustains the miners. This, however, is not true.

Laszlo Kovacs commented separately on the Stephen's Day [20 Aug] speech delivered by the prime minister in Cegled, and specifically on his statements in which he assessed trade unions.

"Is it indeed social demagogery if trade unions demand existential security for their workers? Is it indeed social demagogery if we take note of the fact that beggars have appeared on the streets? Is it indeed social demagogery if one points out the fact that almost 2 million pensioners are struggling below the poverty level? And should it prove that our trade union is against reform if we point out that in 1986 the government said not only that mines which do not function economically would be closed, but also that new mines would be opened. Rudabanya, Gyongyosoroszi, Kanyas, Nagyegyhaza, Markus-hegy, and Farkaslyuk are all sad examples of miners' existence. We do not accept the prime minister's peculiar assessment," the miners' executive secretary said. "Miners joining the strike, together with 1 million workers who stopped working, intended to serve notice to persons who on a daily basis violate the dignity of those making a living from wages and salaries, because by now the rate of tax and price increases has exhausted the meaning of the term 'holding to ransom.' And if trade unions adopt and convey the words of those who protest this situation, they are only doing their duty."

Then the executive secretary read the union's proposed budget for the Hungarian mining industry. The proposal summarizes the needs of this branch in 11 items. Among these one finds, for instance, that the liquidation of mines should be preceded by the planned placement of employees, and that the institution of severance payment should be established in a manner so that it could change even the hopelessness of long-term unemployment into a hopeful entrepreneurial venture. This statement, which is to be addressed to the government, also deals with the modernization of the personal income tax system, wage reform, needed changes in the people's economy energy policies, and many other matters. The demands will be read aloud at Pecs on 30 August, and they are expecting proper action by 25 November, the date when this branch begins its 24th congress.

Persons commenting during the debate condemned the prime minister's anti-union statements made in Cegled. And when it was learned that Miklos Nemeth would be invited to the demonstration someone remarked that "down there in Baranya County perhaps we will be able to make the prime minister understand that all we are doing is protecting our fundamental rights and our existential security. For our work, for our daily bread." Antal Bischof had this to say: "As long as the prime minister was kind enough to provide his view of trade unions on 20 August, we respectfully call attention to the fact that the Pecs demonstration will judge the government's work..."

At Pecs we learned that every trade union committee in Baranya County had joined the uranium miners' movement. The scheduling of the demonstration is complete, and the organizers expect it to be characterized by order, discipline, and dignity. The organizers stressed that the workers meeting to be addressed by eight speakers, including Sandor Nagy, the executive secretary of the trade association movement, will be exclusively a trade

union function. For this reason the organizers asked the Hungarian Socialist Workers Party (MSZMP) county first secretary to refrain from delivering his intended remarks.

The meeting voted after debate to adopt the statement to be forwarded to the government, and to approve the implementation program for the miners' demonstration to be held 30 August at Pecs. Thereafter two committees on special constituent groups reported on the situation of women and the problems experienced by youth.

Mixed Views on Strike

25000423 Budapest NEPSZABADSAG in Hungarian
2 Sep 89 p 5

[Article by Gyongyi Petre and Balazs Gerencser, Newspaper Publishing Enterprise Public Opinion Research]

[Text] Thus far the lead actors of the Pecs miners' strike have appeared in the press only in pictures. The miners' views have been interpreted only by their representatives and leaders. The question is this: How do the several hundred demonstrating miners and workers who have declared solidarity with the miners envision the future of mining?

At the initiative of the Mecsek Ore Mining Enterprise on 30 August, miners threatened with dismissal, and other workers declaring solidarity with the miners, held a demonstration and workers meeting at Pecs.

Eighty-seven percent of the demonstrators were from Pecs and nearby locations, while 13 percent came from different parts of the country, mostly from mining towns. We conducted an opinion poll among 502 of the participants concerning issues affecting miners, the government's energy policy, and the strike itself as a means of protest. We also asked how the miners regard the future of this critical branch of industry.

Eighty-one percent of the respondents were more or less familiar with the arguments supporting the mine closure, but only one in ten accepted those arguments as real, well founded grounds for closure. If, however, the government decides to close the mines, 40 percent of miners would accept the idea that the government would find another workplace for them, while 36 percent would consider a severance pay of several hundred thousand forints as equitable. Seventeen percent believe that retraining would be the appropriate solution.

While in Poland and Yugoslavia strikes are everyday events, Hungary has experienced only a few small work stoppages during this and the previous year. The most memorable work stoppage took place in this area exactly a year ago. It was organized by the coal miners. Thus it was particularly important to know how the demonstrators felt about this more drastic form of protest. We asked the 502 demonstrators under what conditions they considered striking an acceptable means of protest.

Seventy-two percent felt that a strike was an appropriate means of protest for the sake of protecting jobs. Forty-one percent thought that it was appropriate to strike for higher wages, while 13 percent felt that striking for the achievement of a political goal was appropriate. Only 13 percent of the demonstrators condemned any form of a strike.

But aside from the fact that 81 percent [as published] accept the idea of striking, is striking an effective form of protest?

Fifty-two percent of the respondents felt that it is always the situation which has evolved that determines whether a strike is, or is not, effective. Twenty-five percent of the demonstrators said that striking is not an effective means of protest, while 23 percent believe that it is. Representatives of alternative organizations and trade union activists had different views in this regard. Forty-five percent of the former, and 8 percent of the latter, regard striking as an effective means of protest.

Only 38 percent of the respondents felt that the country's energy policies have resolved the situation in the short term. Several of these indicated that there may be serious concerns even in the short run, because one should not build solely on imported energy. The truth of this statement has recently been confirmed by Soviet electrical energy export disturbances.

Only 10 percent of the respondents regard Hungary's energy supply settled in the medium term, and only 4 percent consider it resolved in the long term. Demonstrators who were not mine workers did not see the future as quite so tragic, but it is noteworthy how few people agree with the government's emerging energy policy.

Lech Walesa's call on Polish workers not to strike for a period of 6 months was made a few days before the demonstration. How do Hungarian workers struggling for their jobs feel about Walesa's call? Only 12 percent of the respondents did not agree with it. Fifty-two percent approved, and 30 percent were unable to assess the Polish situation.

FIAT Chairman Foresees Subcontractor Role for Hungary

25000446c Budapest NEPSZABADSAG in Hungarian
12 Sep 89 pp 1, 4

[Article by Gabor Horvath: "The Hungarian Market Is Too Small for an Automobile Factory"]

[Text] FIAT chairman Gianni Agnelli considers the establishment of political stability, the rapid economic privatization, and the approach to the West the most important factors in Hungarian economic recovery. The world famous Italian industrialist arrived in Hungary yesterday at the invitation of prime minister Miklos Nemeth. He held discussions with Hungarian Socialist Workers Party [MSZMP] Chairman Rezso Nyers, with

his host, the head of government, with Commerce Minister Tamas Beck, and with Ferenc Bartha, Hungarian National Bank chairman and state secretary. Deputy Prime Minister Peter Medgyessy hosted a dinner yesterday honoring the guest.

In meeting the press the FIAT chairman explained his belief that in terms of Hungary's internal market, i.e. aside from export opportunities toward CEMA countries, Hungary may become attractive to foreign, including Italian, capital, primarily because of its governmental policies which lean toward privatization and its political intent to approach the West.

Asked about specific topics discussed, Agnelli said that the purpose of his trip was primarily to obtain information. He would like to assess what has changed in Hungary since his last visit 9 years ago, and whether conditions in Hungary have become more attractive to FIAT. He stressed that the dimensions of the Hungarian market would not warrant the construction of an automotive assembly plant. This idea would come somewhat too late as far as exporting to CEMA and other countries is concerned. It would be much more realistic for Hungary to join in the cooperation for which FIAT is preparing with its Soviet and Polish partners. This would call for a role as a subcontractor, manufacturing components and parts. (The Soviet Union would like to increase its automobile production by one million each year, and Polish expectations call for an additional manufacturing capacity of 500,000 cars. FIAT is taking part in this venture.) The value of parts and partial units shipped by subcontractors may be as high as 50 percent of the price of a car. Accordingly, this could be the best solution for the satisfaction of Hungarian demand for cars. But the car situation will not improve as quickly as the Hungarian desire for cars, Agnelli, the recognized expert on automotive matters added.

Reacting to questions concerning the Hungarian political situation, the FIAT chairman said that many countries could envy the leadership he met here. Although it would be inappropriate—particularly at the threshold of elections—for a foreigner to analyze the way political stability is evolving, in FIAT's judgment there is reason for confidence in business negotiations. The Italian firm would like to participate in preparations for the 1995 World Fair, be that in the form of hotel construction or reconstruction, or in terms of modernizing the Hungarian road network, according to the FIAT chairman.

POLAND

Spokesman Warns of Possible Breakdown in Food Supply

26000691d Warsaw ZYCIE WARSZAWY in Polish
1 Sep 89 pp 1, 6

[Interview with A. Glowacki, the government plenipotentiary for marketizing the food industry, by Anna Wolynczyk: "The Question Hour: Surplus Money on the

Shop Counters"; date and place not given; first paragraph is ZYCIE WARSZAWY introduction]

[Text] There was a week-long hiatus in the meetings between reporters and Andrzej Glowacki, the government plenipotentiary for marketizing the food industry. On 31 August, that is, on the last day of the first month of that process, we interviewed A. Glowacki about a preliminary assessment of the course of that "operation."

[ZYCIE WARSZAWY] Could you try to sum up the market situation in August?

[Glowacki] That is still difficult, because the month is not over yet, but we already have some data and conclusions. In August meat industry procurements totaled more than 75,000 metric tons of livestock on hoof, which is one-third less than last year. In addition meat from imports and from state stockpiles entered the market. There are voivodships in which meat sales were higher than in rationing times, e.g., the Bydgoszcz, Poznan, and Szczecin voivodships. In Warsaw the amount of meat available was about the same as in the previous August. But this does not at all mean that the situation is good. Inspections by the PIH [State Trade Inspectorate] in 24 voivodships showed that in recent days nothing hung on the meat hooks at 10 percent of butcher stores. In the other stores beef bones were just about the only thing available.

[ZYCIE WARSZAWY] Why is it that in Lodz the meat scarcity is still the greatest?

[Glowacki] Early in August power was often cut off to the local meat processors, because thermoelectric power plants there had to be repaired. Other, richer voivodships were under the obligation of helping Lodz, and to this end, among other things, imported meat and meat from stockpiles were transported there. Not everyone coped with this task. On Friday at the Ministry of the Market we will meet with the Lodz municipal and voivodship authorities, as well as with representatives of the People's Council and tradespeople, in order to assess the situation.

Let me add that the denizens of Krakow also had problems. Its authorities and trade organizations have probably by now coped with this new economic situation. Moreover, we already allocated meat from government stockpiles to processing plants outside Krakow Voivodship for supplying that voivodship.

[ZYCIE WARSZAWY] What was the structure of deliveries to butcher stores?

[Glowacki] Beef predominated, whereas customers demanded chiefly cured meat products, which account for 30-55 percent of the demand. Now that rationing has been abolished, farmers too have appeared in butcher stores in search of cured meat products. Consider also that at the beginning of August meat prices in butcher

stores were 20 to 50 percent lower than in [free-market] bazaars. That was a recent development, yet by now they have risen still higher.

[ZYCIE WARSZAWY] Bulk goods, especially sugar, are still scarce.

[Glowacki] Of course, in many regions the demand exceeds the supply. Consider that there are 12 million households in Poland, and that not all of them have stocked up in advance and now that the vacation season is over, many persons are simply making normal purchases. Besides, in some parts of the country there is already sufficient flour on the store shelves.

Unfortunately, we have to ration sugar, at least until the beet-harvesting and sugarmaking season comes along. We had planned monthly sales of 90,000 metric tons, but of a certainty much more sugar has been sold.

[ZYCIE WARSZAWY] Who fixed the sugar price at 500 zlotys a kilogram and why does that price vary now?

[Glowacki] The 500-zloty price was set by the government. After several days it turned out that the demand is still high, and therefore we permitted trade organizations to fix sugar prices on their own. Thus some raised the price to as much as 900 zlotys a kilogram, but still sugar is selling like hot cakes. As for the prices of imported sugar, they are still unknown—that depends on the costs of acquisition, transportation, processing, and distribution on the day the ship is docked.

As for other foods, the demand for margarine still exceeds the supply by 70 percent. Following the increases in the prices of butter and milk, some consumers switched to lard, although that fat is not recommended by nutritionists. At present, the cheapest kind of bread, the one carrying an official price, accounts for 30 to 60 percent of all bread sales. The prospects for low-fat kinds of cottage cheese, the cheapest ones, are poor because dairies predict that they will account for 10-12 percent of deliveries. The demand for whole milk has fallen. The demand for yellow cheeses is twice as high as their supply.

[ZYCIE WARSZAWY] How do you view the situation on the food market in the next few weeks?

[Glowacki] Unless the supply of manufactured consumer goods increases, the food market may collapse, and very rapidly at that. Everyone wants to get rid of his cash as soon as possible. When no other goods are available, we buy up whatever food there is. The currency surplus should be eliminated as soon as possible. This could be done by, e.g., banks if they would refuse to grant loans to enterprises which grant wage increases to their employees but fail to expand their output and, to offset the cost of these wage increases, raise the prices of their products. This spurs inflation, and the surplus money wreaks havoc with the prices of food.

Marketization Spokesman Reviews August Food Supplies

26000691c Warsaw RZECZPOSPOLITA in Polish
1 Sep 89 pp 1, 2

[Article by (an): "The First Month Brought No Improvements: An Hour With the Plenipotentiary; Situation on Meat Market Varies; Prices Rising, Supplies Declining; Shortages of Oil and Margarine; Investments in Food Industry"]

[Text] The hour-long meeting on Thursday with Andrzej Glowacki, the Government Plenipotentiary for Marketizing the Food Industry, focused on the past month. In August, as known, the food market operated in changed conditions. What effects did this produce?

Insignificant effects, unfortunately. Prices are soaring and there are no changes (for the better). Supplies remain poor, although this varies in different regions of the country.

The most upsetting is the supply situation of butcher stores. Procurements of livestock on hoof by the meat industry reached barely 68-69 percent of the procurements in August of the previous year. The shortage was alleviated by shipments from state stockpiles and from imports. The scarcity was the greatest as regards cured meat products, which in August accounted for about 50-55 percent of meat deliveries.

More meat than in July, when rationing had still applied, was sold in such voivodships as Poznan, Szczecin, Bydgoszcz, Slupsk, and Leszno. But the situation in the stores in those regions was not uniform. The stores in Poznan were and are fairly well supplied, but not in Szczecin. These differences ensue from both the prices asked and the surplus money on the market.

In August the meat supply was at its worst in Krakow and Lodz. In Krakow recently it was possible to improve the situation markedly, while in Lodz unfortunately it still remains bad. This is due to several reasons, which however are of no interest to consumers. Thus it is high time for a tangible improvement to occur in Lodz, too.

As for prices, the Plenipotentiary had no specific information on, e.g., the prices of the same products on different days in August. That is a pity, because such information would undoubtedly be of interest. At first it had been assumed that the prices of meat and processed meat products would be about 80 percent of the prices asked in the bazaars [on the free market]. Our observations show, however, that they already have exceeded this ceiling markedly. In Warsaw, for example, during August the price of pork joints in butcher stores has nearly tripled, and the prices of ham and frankfurters have doubled.

As for bulk foods, such as flour, groats, and sugar, the warehouses are adequately stocked, but their supplies in stores vary. The flour situation has somewhat improved

(although, according to the PIH [State Trade Inspectorate] it is not available in every third store), but the availability of groats is still poor. The deliveries of sugar, planned at the same level as in July (90,000 metric tons) will be exceeded. Unfortunately, this is not perceived on the market and sugar continues to be hoarded. Its price ranges from 500 to 900 zlotys a kilogram (recently it soared in Skierniewice). An even greater variation in sugar prices is to be expected once the market begins to be supplied with sugar from this year's beet harvest. For then every producer will set his own sales price.

The supplies of milk, butter with 3.2 percent fat content, and fatty white cheeses are adequate. The fact that these foods are not available in every store is due chiefly to shortcomings in the apparatus of trade. The supplies of yellow cheeses meet one-half of the demand. The supplies of milk with 2 percent fat content and low-fat cottage cheese, that is, of products to which official—i.e., lowest—prices apply, are hardly meeting the demand.

There is no problem with bread, but the supplies of the cheaper bread, to which official prices apply, are inadequate in some voivodships. It is particularly scarce in Warsaw, Lodz, Krakow, and Gdansk. As in the case of milk and low-fat cottage cheese, this is chiefly due to the low profitability of such bread to producers. They prefer to produce more profitable kinds of bakery goods. The present system and subsidy rules do not offer them adequate compensation.

As for vegetable fats, unfortunately the situation is dismal. There are shortages of oil and margarine. Thus there is nothing surprising that lard, recently a "standby" product in food stores, is disappearing from these stores.

Although the Plenipotentiary's explanations were informative rather than evaluative, a reflection he voiced at the end of the interview is worth noting. Thus, A. Glowacki said, "Unless the situation on other markets improves rapidly, the food market will, in its present situation, given the considerable surplus money floating around, collapse within a month or a month and half."

During the meeting the expansion of food processing industry also was discussed. Considerable investments in that industry are under way, but new facilities are as yet in the construction stage. The speediest improvements will occur in the storage and drying of grain, which is of major importance in view of the traditional wastage of grain due to lack of proper facilities. The fats industry is being modernized fairly rapidly.

It is encouraging that the food industry is becoming dominated by rather small local private and cooperative processing plants. Such plants are cheaper and of a certainty faster to build.

Livestock Costs Prompt Upsurge in Milk Prices

26000691a Warsaw RZECZPOSPOLITA in Polish
5 Sep 89 pp 1, 3

[PAP report: "Problems with 'Low-Fat' Products: Milk and Dairy Products]

[Text] The successive increases in the procurement prices of livestock on hoof, which even now costs more than 2,000 zlotys a kilogram, have resulted in increases in the procurement prices of milk as well.

Farmers believe that the price of one kilogram of livestock on hoof should equal the price of 7 liters of milk. They also claim that the money they are paid for selling 1 liter of milk should suffice to buy 1 liter of motor oil.

The successive increases in procurement prices are therefore hardly surprising. Before 1 August the farmers got paid 118 zlotys for 1 liter of (grade 1) milk. Following marketization, this price rose to 179 zlotys, this being the minimum guaranteed price. During the same period district dairy cooperatives have been offering most often 180 to 205 zlotys a liter, and since 1 September even 280 zlotys.

On September 1 the Mokotow Warsaw Dairy Cooperative, for example, has raised its milk procurement price to 234 from 179 zlotys; it buys 50 percent of its milk supplies directly from producers, and it sells whole milk (3.5 percent fat content) at 330 zlotys a liter and regular cottage cheese at 1,320 zlotys a kilogram.

Vice Chairman of the ZSSMI [Central Union of Dairy Cooperatives] Board Tadeusz Rabianski wrote us, "Right after 1 August we sent the minister of finance a letter requesting that producers of goods sold at official prices be assured of operating at a profit. In response, tax offices were instructed to fix profitability at a level assuring continuity of sales; however, the final decision as to the profitability level was left to the tax offices, as they know best about local production costs. Despite the information being received about inaccuracies in local calculations, about 60-70 percent of the demand for low-fat milk continues to be met in this country. The production of low-fat cottage cheese, for which there had been no demand prior to the marketization, is being resumed. But I am unwilling to provide optimistic assurances that there will be no shortage of that commodity."

Such problems should be of no concern to consumers. Prior to 1 August, adequate supplies of goods sold at official prices were assured. The current price spiral [after the announcement of marketization on 1 August] had not been expected. The situation of producers should be considered by the trade apparatus, because its high profit margins contribute to the already soaring prices.

Torun 'Demonopolizing' Food Industry, Agriculture*26000691 Warsaw TRYBUNA LUDU in Polish
1 Sep 89 p 5*

[Article by (mb): "Demonopolization Torun Style"]

[Text] The hopes placed in the Torun economic experiment are beginning to materialize. A practical consequence of the application of the assumptions of the program for developing the agricultural and food industry was the formation of Agrotorex in the Torun region. This organization is based on a refrigeration enterprise formed by plants in Torun, Grudziadz, Wloclawek, and Bydgoszcz.

Agrotorex gained access to raw materials by "marrying" two large state farms. Now this firm is known in the Torun region for its efficient and extensive manufacturing and commercial activities. The proof of its presence on the local market is the considerable quantities of food products that consistently enrich the region's market.

A kind of counterpoise to Agrotorex is the positive attitude toward the operations of small plants specializing in the processing of agricultural products, and especially meat in the Torun region. In the last few years alone nine new pork-butcher's shops have been established in the voivodship; now the total is 11.

Private fishery also is regaining official favor. The restoration of fish ponds is occurring at such a rapid rate that even now it is estimated that about 650 metric tons of freshwater fish from private aquaculture will appear on the market this year.

YUGOSLAVIA**Continuing Decrease in Standard of Living Deplored***28000171 Zagreb DANAS in Serbo-Croatian
15 Aug 89 pp 16-17*

[Article by Milan Jajcinovic: "Leaden Times"]

[Text] A tiny part of German reality from the beginning of the 1930's has been recorded in "pothooks." At that "time on the eve of the most terrible tempest of history," they say, people went to an uneasy rest, buying a newspaper for 2 or 3 million marks and having to pay twice as much for it in the morning. A loaf of bread cost tens of millions, while 1,000-mark bills drifted along the sidewalks and fell into gutter drains without anyone picking them up. Admittedly, 60 years later in Yugoslavia bills of that value are not falling into manholes in the streets, but they are increasingly approaching their value in Germany at that time. After all, daily newspapers cost 4,000 dinars and a square meter of housing 10 million, and a loaf of so-called people's bread is already close to 10,000 increasingly more worthless dinars.

The leaden times of the great world economic crisis [the Great Depression] are imposing themselves more and more as the new Yugoslav reality. And not even the "rotten Yugoslavia" of that time (as the communists christened it) was spared. There were starving people, and even more half-starving and hungry people. What disaster was could be seen again at the beginning of the 1950's, when Big Brother's vengeful economic blockade, the West's attempts at political extortion, and the ruthless purge of peasant barns and lofts (known as the "expulsion of God") threatened that people would be "feeding on leaves" again. The Yugoslav disaster of the 1930's is understandable, and the one of the 1950's could be... but the one of the 1990's? How is it possible for a country which for years considered itself the attainment of Utopia to experience such a social fiasco that one of its workers in so-called direct production earns only one dollar for an hour's work (compared to as much as \$19 in West Germany), many of its citizens, and not just those on the margin of society, lead a nomadic life, and many people are threatened by chronic austerity and even starvation?

After the "Horizon" television broadcast, one can say: That is Yugoslavia! Specifically, there was a meeting in front of the television cameras between a former hero of labor, the man who defeated the Russian Stakhanov and became the world record-holder in coal-mining, miner Alija Sirotanovic, and a former Politburo member, someone in a position of authority for many years (among other things, as a Minister of Mining)—Svetozar Vukmanovic Tempo. Almost half of this country's age can be compressed into those two lives, into those two vital destinies. Alija, a man of the people, is plain and unassuming; Tempo is vocal and self-confident. Alija lives in a modest village house near Breza with a pension of 130 million old dinars; Tempo lives in his seaside villa with an unknown pension ("It keeps changing on you..."), and both the former miner and the former minister of mining are convinced that this is normal, and that this is how things should be.

The Breaking Point

Around the same time as the televised meeting between Alija Sirotanovic (a man who was once a symbol of our path to socialism, and whose name sounds very symbolic even today) and Svetozar Vukmanovic-Tempo (who went at the beginning of the 1950's to ask the Americans for grain to save the country from starvation), the newspapers reported that Tempo's fellow-countryman, the "young Montenegrin" Momir Bulatovic, had proposed at a meeting of the Central Committee of the Montenegrin LC that that republic's Red Cross consider opening public kitchens for the Montenegrin poor. That is the first public acknowledgement by anyone in this country's political leadership that part of its population is threatened by starvation. A few days ago a rally of the poor was announced, which was supposed to be held on 20 August in Niksic. It would be a protest against poverty, extreme proletarianization, and pauperization. In a republic where a fifth of the population lives on

welfare, there are more and more poor. Poverty is increasing in the Latin American manner. It is therefore expected that there will be more than 50,000 people at the protest rally. For a long time now, Montenegro has been on the threshold of poverty, and regardless of the almost inborn "philosophy of poverty" of those mountaineers, even their patience has a breaking point. There is no doubt that all of those who have fallen on the social scale will gather in Niksic on the 20th. Then, however, in contrast to the night in front of the republic Assembly, they will probably demand the "extermination" of the federal "renegades," headed by Ante Markovic, instead of their domestic ones.

Markovic's head is also being demanded by the Vojvodina peasants. Is it really because they think that the position of agriculture has never been worse than it is now? Regardless of the motives that have led peasants to organize, they are still right about some things, primarily the fact of the continual undervaluation and devaluation of peasant labor in this country. It has been very quickly forgotten how the so-called grain repurchase was carried out and what kind of "bruises on the soul" this left (Mladen Markov's literary testimony pulled the blankness of transience and oblivion off from that trying time), and how the initial capital was accumulated to maintain for years the Bolshevik cult of the factory smokestack. The village fed the city, without having enough to feed itself. Collectivization and the conscription into labor cooperatives, and the constant seizure of the value of peasant labor—both really (through low prices) and symbolically ("Peasant! Hick! Yokel!")—have had to be avenged, even after 40 years. It is Markovic's misfortune that he is the one this is happening to.

Today, except for a few sociologists dealing with rural areas, almost no one is concerned about them. Do state institutions have statistical data on how many old and feeble or sick people there are in rural areas, who can scarcely cultivate the land but have to live off it? After all, peasants are the only social category that does not have pensions—because what is called a pension is not enough to keep a dog alive, much less a human being. In spite of everything, however, there are probably no starving people among the peasants, but there are certainly poor people (as well as rich ones, of course). And there are also more and more such people even among "real" retirees. How a large number of those people can survive at all, especially in the cities, remains a secret. That is why it is difficult to believe that the poorest ones—and there are a multitude of them among the retirees—profited from the recent sales of commodity reserves. How can one scrape together so much money at once from such low pensions and payments? It thus appears that the Markovic government's economic measure nevertheless did not turn into a social one, as it appeared at one time, but did not even achieve its initial intention. If the present trend of the impoverishment of Yugoslav society continues, however, even stocks from the commodity reserves will not help much.

Bedouins and Pharaohs

Yugoslavia is still declining in terms of civilization. It has not yet reached the bottom of the hole into which it is rushing headlong. The index of poverty (obtained by adding the rate of inflation and the rate of unemployment) today in Yugoslavia is over 400 percent (while in the developed countries, it is somewhere between 10 and 15 percent). Naturally, not all Yugoslavs are poor and indigent. Some sociologists claim that social differentiation has never been higher in Yugoslav society than it is now. One social stratum—rentiers, private businessmen, part of the intellectual elite, the theater, top athletes, and the top of the military and political establishment—lives quite grandly and light-heartedly, and in some cases even royally. The middle social stratum is becoming thinner and thinner. Everything is increasingly falling away and dropping off, dropping toward the bottom. And in the lowest stratum, people are often living precisely like Bedouins. In Zagreb alone, about 150,000 people are living on the brink of poverty. After all, just the fact that in Zagreb the electricity has been turned off in 5,000 households is bitterly eloquent just by itself.

The decline in civilization has been accompanying Yugoslav society for a long time now. From 1975 to today, the index of its poverty has increased by 364 percent! Today two thirds of households are already spending between 70 and 100 percent of their monthly incomes on food, lodging, and clothing. Research by Zagreb's ZIT and CEME shows that during the last winter season, more than a third of the adult citizens did not buy a single article of clothing. If that trend continues, and from all indications it will, soon a large number of people will be "naked and barefoot." If inflation rages at this rate, by the end of the year it will reach the figure of 2,500 percent! And then we will be quite close to the champion, Argentina, and its average wage of about \$20. Then there will already be an army of the starving. And that means goodbye to socialism for an indefinite period. With a return to the cauldron, communal kitchens, and social workhouses for the healthy, even the reform cannot succeed—because the half-starving cannot carry it out, and its diehard opponents do not want to. If the reform fails (and there is not much of a chance that that will not happen) the country is threatened by a final political and social Romanianization.

Dr Vladimir Gligorov is not alone when he asserts that reforms in socialism "have to be unsuccessful." Here is how he explains that: "Their burden should be borne by the workers. And they oppose that, since the position of workers in socialism is a drastic one. They have security in employment like slaves, but their standard of living does not depend upon their work, but upon political decisions, and then as a result of inefficiency come reforms, which require a decline in the standard of living... It is always said, therefore, that a workers' revolt is not desirable because it strengthens the authoritarian trend in socialism. It is always dominant, however, even without opposition.

"If, furthermore, the belief prevails that the national question is more important than democracy, the ruling party can be calm." Ante Markovic, of course, thinks the opposite, i.e., that the workers support reform. He does not think or say, however, like many other politicians, that the workers also bear the greatest burden of the reform (which is still almost a heresy). At a recent meeting of the LCY Central Committee, he stated that these were "speculations, aimed at creating the impression that the workers are paying the biggest bill for the changes." Markovic asserts that for the time being, they are bearing the least of the burden of the reform, and calls all of that uproar about the alleged collapse of the workers' standard of living "indexation without any basis." At any rate, the very fact that there have been fewer strikes this year than last year and the year before last says something.

The FEC President is not courting the workers. In the end, that could be crucial for him. The latest threat came to him from Rakovica. The "tractor workers" there are sending a message to him and to others in power that he has to prevent "devastating inflation"; otherwise, the workers will "sweep away everything that is wrong in this country." Other politicians build themselves into workers' patrons, and woo them with promises, such as "No one will throw workers out into the street." The workers reward them with fresh devotion. That is the sad Yugoslav reality—a place and time when there is still trust in many who hold power, but who have actually relativized both space and time. They say one thing in one place and another thing in another place; they say one thing today, and one thing tomorrow. Several of them, especially the most prominent ones, display so many inconsistencies and verbal somersaults and so much hypocrisy that it is astounding. Instead of worrying about people in this country being able to live like human beings instead of like Diogenes, they constantly produce a nationalistic mania and support a mob. And people, like greedy infants, swallow this without seeing that their national leaders have stuffed them into barrels. But the mob's warm compassion should not surprise us, since the mob recognizes its own characteristics in its leaders.

Iron Broom

The entire Yugoslav postwar experience testifies that socialism cannot be created through anyone's voluntarism, produced ex nihilo, or established by disdaining the overall tradition and in spite of everything. A more just order cannot even arise in the area which has been swept over by the latest iron broom of the people, because with its roughness it sweeps away all the soil from which democracy could arise. Democracy is not a force of nature that will crush everything before it in one swoop. Admittedly, political bosses can be driven out in that way, but in their place others come, often the same or even worse. Democracy is a political mechanism which has its own rules and laws, and which follows a certain order. Consequently, if Yugoslavia wanted to be democratic, it would be more important for it to create precisely such a mechanism—which would act in accordance with the will of the voters in direct elections, the

demands of public opinion, and the customs of a law-governed state. The cold rationality of controlling public authority is more effective and more sober than the temperamental irrationality of the "will of the people."

Year	Unemployment Rate	Growth of Retail Prices	Poverty Index
1975	10.4	26	36.4
1979	12.2	22	34.3
1983	12.8	39	51.8
1987	14.1	160	174.1
1988	14.4	270	287.4
1989/II	14.5	346.7	361.2
1989/III	14.7	397.5	412.2

It appears that Yugoslavia has yet to face more and increasingly more severe eruptions of irrationality. Poverty will only stimulate them, or be a very reliable foundation for inciting them. There would have been considerably more of such bursts of unbridled blind will if the erosion brought by poverty had not been slowed by the continual injection of "outside income." Foreign exchange remittances, moonlighting, petty economic crime, overtime work, acting as a middleman for goods and foreign exchange, and all sorts of ingenuity have done more for social and political peace in this country than all the empty communiques from the party and state leaderships of the SFRY and its republics. How else could most Yugoslav families survive—when statisticians have calculated that in May, for example, the average Yugoslav wage was 2,600,000 dinars and the minimum monthly expenses for a 4-member family were 3,600,000 dinars (and already a million more in July)?

There are many people in Yugoslavia for whom survival is a real trick. The workers at the Ramiz Sadiku GIK in Pristina are among the first who have been practicing that art of survival for a long time now. For months, they did not receive even a cent. When they rebelled, suspicions about a "new stronghold of counterrevolution" immediately appeared. As if it were not "counterrevolutionary" that someone in this country, 40 years after the revolution, earns 62 million old dinars a month (the amount of the guaranteed OD in Kosovo)! But the workers of Ramiz Sadiku are not the only poor people in Yugoslavia. There are more and more of them. Although there is still resistance to this, the Yugoslav socialist project is showing itself to be a society of poor people, for whom ideology remains the only food. The people, that great Yugoslav child, has obtained its rattle (nationalism), and is now constantly playing with it, forgetting about hunger and dreaming about returning to the sweet warmth of the national placenta.

What exists now in Yugoslavia is not socialism—that is the only thing that is certain. If it were, could Alija Sirotanovic and Svetozar Vukmanovic Tempo (taken here only as metaphors) really be comrades ("socius" means

comrade), even though they belong to the same party? There is no socialism where a worker gets one dollar for an hour of work, when a hero of labor receives a pension of 130 million, and where there is Weimar-like inflation. In particular, it will not exist if the current Yugoslav

"babel," like that of the Weimar Republic at one time, is suppressed by the possessors of a long wind and the adherents of a "short course." And there are such people everywhere in this country—in every nation and in every republic.

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