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# ***JPRS Report***

## **East Europe**

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# East Europe

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## HUNGARY

### Academician Schmidt Discusses Essential Political Changes

25000026 Budapest UJ TUKOR in Hungarian  
11 Oct 87 p 17

[Interview with Dr Peter Schmidt, chairman of the Hungarian Constitutional Law Department at the ELTE State and Jurisprudence, by Margit Foldesi. Date and place not given.]

[Text] This time we interviewed Dr Peter Schmidt, chairman of the Hungarian Constitutional Law Department at the ELTE State and Jurisprudence Faculty.

[Question] There is a lot of talk about economic reform, but there is hardly any mention of the modernization of the political institutions, the structure of which has been essentially unchanged since the 1950's. What is your opinion?

[Answer] We advocate economic reforms in Hungary and desire those, while at the same time pretend that they can be implemented independently of politics, i.e., of the reform of the political system itself. For a long time we have proclaimed: yes to economic reforms, but no to political reforms! We should know—and I suspect that we do know—that these cannot be separated and do not separate in practice. The autonomous movements that have begun and the practices that have become standard in the economy cannot be handled with the old management methods. In many cases the economy was given the possibility of autonomous operation while other aspects of the mechanism participating in economic management, such as trade unions, were left unchanged. Thus, while on one side free movement was allowed, on the other it was paralyzed by not making organizational changes. So, economic reform is political reform, too. However, few, if any, efforts have been aimed at introducing reforms into political life.

[Question] Should the reform of the political system include only the narrow segment related to the economy, or the whole institutional system?

[Answer] For the time being, attention is focused only on the narrow field of the political system which is related to the management of the economy. The change of the political institutional system from the aspect of social organizations has not been put on the agenda yet. It has been and still is a source of contradictions that one part of the political system has been modified, but another aspect has been left unchanged. I find that the main problem of those segments of life not in close relationship with the economy is the lack of integrated opinions and action programs. Everybody has got a nation-redeeming idea, an individual opinion of their own, which they tell about one after the other, without there being political forums within the framework of the given political system which would and could take charge of

the integration and coordination of these opinions. Many people emphasize how important free speech is and that democracy will really triumph when everybody will be free to express his or her opinion; not long ago, Mihaly Bihari stressed the importance of free speech and discussed its guarantees exactly in these columns. I am not against the free expression of differences in opinions and views myself; moreover, I think it is necessary. But I do not believe that once everyone can freely say whatever he wants that that is the advent of democracy. Because if it is not coupled with the formation of a system providing for integration, if it is not institutionalized, then it becomes a phenomenon almost harmful for society, threatening to drive it into anarchy. Everybody speaks his mind without the society finding a platform of joint action to solve the problems.

[Question] Would it be the state's job to help build these integrating functions?

[Answer] Mostly, yes! The state is not the only organ to build these integrating functions, but it plays a very important role in it. However, it does not work this way in our society now.

[Question] Why?

[Answer] Society has extraordinarily restricted possibilities to express its opinions and views; the existing integrating process is mostly realized in the party, and within that by the central organs of the party. So, it is not realized by confronting the real interests and views of the masses, but by a central organ which is incorporated in the decision-making mechanism and which performs state functions.

[Question] This problem was raised also at the academic meeting in Szeged: it was discussed how interwoven the social organizations, namely the party and its organizations, are with the state decision-making mechanism. To what extent does the party perform state functions, too?

[Answer] In a society where there is an organized forum for the expression of different views and different opinions, as, for example, in a plural party system, the state necessarily plays a coordinating role. For instance, the trade union, one party or another, all want to have a say in economic policy. That is, the decisions of the state are moved by the interests of society. In the majority of the East-Central-European countries, history formed a one-party structure, which limited the possibilities of expressing differences of interests and views. As long as the basic question of society was: socialism or capitalism, as long as there were real antagonistic conflicts, this structure could make itself accepted. It was understood that the forcing of the enemy out of legality and out of free expression of opinion was a necessary wrong. It was accepted that there was a public power which, under the given conditions, was behaving this way. Today, however, the question of this society is no longer whether it is capitalism or socialism. I am not saying that no one puts

the question like this, but it is not being asked by the masses. In this society it is now socialism that produces contradictions, and the questions reflect this.

[Question] Namely?

[Answer] Peasants' interests do not coincide with industrial workers' interests, and it is beyond dispute now that the agrarian scissor [price difference between agricultural and industrial products in favor of the latter] exists. The stratum of intellectuals have their own problems. The trade union's role as the representative of workers' interest is disputed, since employer and employee is member of the same social organization, and I could continue the enumeration. The essence is that a political mechanism that is built on the premise that it had to force its enemies out of power, and not only out of power, but also out of legality, with its means wants to maintain this form. In the meantime, however, enormous changes have taken effect in the society. So, if the contradictions generated on the ground of socialism are not allowed to be expressed, it leads to internal tensions.

[Question] Do you think that there should be an institutional framework for the expression of counteropinions and different opinions?

[Answer] If I attach the political movement of the society to one political center, but at the same time also create autonomy in another aspect of life, these two will inevitably clash. The political mechanism that in 1949 and in the 1950's was able to make itself accepted even with its dictatorial means, because a considerable part of the people saw its historical necessity, is not adequate any more in the present situation. So to speak, the line-up is quite different now, and this changes the party's role also. It is impossible to leave the party's role unchanged and to introduce autonomy, because the two will necessarily clash. It is, for example, among the guiding principles of the party that the proportion of women and of manual workers has to be increased in the organizations representing interests. This can only be achieved if the party, with its own means, arranges that out of two candidates both be always women and even more, that they both be textile workers.

[Question] Multiple nomination of candidates is mandatory since 1985. It is frequently asked what the difference is between the candidates. After all, all of them accept the program of the Patriotic People's Front. Are you supposed to choose whomever is more attractive on the basis of their photographs?

[Answer] The right to vote is an example which perfectly illustrates the conflict and contradiction of the political center and the autonomous movements generated in the society. Because what happened? It was said that the centralized procedure in which the organization arranging the elections determines who the representative is going to be, has to be ended. So, the political leadership decided to channel the citizens' possibilities from a

simple political manifestation to the direction of decision-making. The mandatory dual, i.e., multiple nomination provides greater voting possibilities than the decision whether I do or I do not make a demonstration for the People's Front. Nevertheless, the giving of more alternatives is very little if, at the same time, the political mechanism which organizes the voting—I mean, the party, the People's Front and other social organizations—remain the same. This is the source of contradictions. Because, on the one hand, I say: citizen, now you decide on who will be your representative, while on the other hand, the mechanism wants to maintain itself in the same position. Therefore, without organizational changes I stifle even the possibilities I created, because if I want to hold elections with two or more candidates then I cannot leave the party in the same leading position it has been in.

[Question] The question is whether the legal formula which made dual or multiple nomination possible and even mandatory, allows the confrontation of real differences in the opinions of society or it does not?

[Answer] Exactly! Unfortunately, the election of representatives is still frequently based exclusively on such subjective, personal traits like the ones you have mentioned. One reason for that is that the nomination of multiple candidates will have a real meaning only if they express real differences in the opinions of society; if they do not, then multiple nomination is just the same formality as single nomination.

[Question] The National Assembly, consisting of elected representatives, should regulate citizens' basic rights spelled out in the Constitution (right of free speech, free assembly, free association, etc.) by laws. Instead, the Presidential Council, on the right of being a deputy for the National Assembly, regulates quite a few of our basic rights, like, e.g., the right of association, with decrees. Why does the National Assembly have to be substituted for and why are decrees needed?

[Answer] I start from the concept of law. Law is the determination of when state power can interfere with the life of individuals and of groups from a social and political point of view. Where the law does not provide the state a right to interfere, the state is forbidden to interfere. Therefore, the law is not simply a form of the state's expression of its will, but also the determination of the state's limits of action. However, if one of the most significant tasks of the legal norm is to limit the public power, then a basic question of constitutional law is: who creates this law? If the law is created by the part of the state which uses this power, then this organization limits the state power. And that is to square a circle. We are in a similar situation. The law determines the limits of the leadership's power, but this law is mostly created by the leadership, which thus determines its own limits. The role of the National Assembly in legislation has been reduced to minimum. While 60 to 80 bills of law were passed annually until 1948, this number has been only 3

since 1950. But even when a new law is passed, the state administration has a sociologically determinant influence on it, since it prepares the draft and submits it to the honorable Assembly, etc. The National Assembly can hardly produce an independent proposal, since whole plans will not erupt from the head of the representatives. With this, we return to the lack of integration, without which, without organized forms, the representative is alone and cannot rely but on his own ideas.

[Question] Let's talk concretely about the decrees!

[Answer] Look, nowadays many people "pester" with the decrees and the legislative power of the Presidential Council of the People's Republic. I do not see the main problem in this. I cannot accept the idea that we sweep out the jurisdiction of the Presidential Council as the deputy of the National Assembly, we do away with the decrees, and then everything is going to be just fine. This is a fashionable idea, but it is false. The question is what the Presidential Council and the decrees express. Theoretically, the Presidential Council is a smaller body of the National Assembly, practically it is the means of direction. If the function of the Presidential Council is to realize the government's ideas without the National Assembly, then I am against its legislative activities, too. But if the Presidential Council could become an organization which would act as the arm of the National Assembly, then I am not. The National Assembly cannot be always convened for a plenary session whenever a decision is to be made. The basic question is what role legislation plays in society.

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## POLAND

### Expanded USSR Trade, S&T Ties Require More 'Openness'

26000050a Warsaw PRZEGLAD TECHNICZNY in  
Polish 27 Sep 87 p 3

[Article by (EMC): "Cooperation Between Partners"]

[Text] Modern means of communications and information have suddenly made our planet small. Nothing is distant, and news from the most remote nooks and crannies reaches us with the speed of light without being obstructed by any barriers. In this world, made smaller by technology, human awareness changes at a much slower rate than the products of man's thought and hands. Despite his tremendous new powers (capable of both destruction and construction), man has retained his old passions, sympathies and antipathies toward discrete individuals and entire nations. Despite the rise and development of splendid humanist ideas, humanity has not rid itself of this heritage.

The history of every nation includes periods of friendship with and hostility against neighboring countries. This natural succession manifests itself in the alternation

of bloody conquests with cultural domination of one nation by another, followed by peaceful cooperation based on an alliance or union.

Our Polish attitude toward neighboring countries is greatly burdened by the more than 120 years long Partition Period. As a result, in the tradition transmitted from generation to generation, neighboring countries are identified with those who had deprived us of our statehood — the partitioning powers.

The short interwar statehood-building period afforded no possibility either for changing this attitude of Poles. Even after it had been beaten in World War I, Germany continued to be so strong as to desire to grab Silesia and Prussia [as published]. And once Hitler had seized power, Germany became a military threat to the continued existence of our statehood. Even more complex were our relations with the young Land of the Soviets. Old prejudices were compounded by mistrust of the changes occurring there and of the new unknown social order. The events at the beginning of World War II aggravated that situation.

The fact of the liberation of Poland from German occupation by the Red Army, whose arrival was accompanied by that of the People's Polish Army created on the Oka River, afforded an opportunity for a reappraisal. Unfortunately, in the postwar period the tendency to gloss over negative aspects of the history of relations with our neighbors, and especially with the USSR, followed by lack of openness in political life and economic contacts, have markedly diminished that opportunity. The past tendency to gloss over the difficulties normally occurring in trade negotiations and scientific and technical cooperation has resulted in that the current explicit change of atmosphere in that domain is not immediately eliminating mutual mistrust, particularly considering that there still exist many unknowns on the road toward new solutions for that cooperation. There is an evident interest in this country in what is happening beyond our eastern frontier. Hence measures to implement specific decisions and projects are needed. In the present world of supermodern technology such cooperation is necessary. Only mutual projects that are, of course, mutually advantageous can accelerate science and technology progress in our countries.

It may be that, as some people claim, the best approach would be to purchase "the entire modern technology" from those who are the locomotive of the train of civilization, but we in this country cannot afford the wherewithal. As for purchasing mere fragments of that technology, in the absence of indigenous facilities and resources, as well as in the absence of mastered technologies, that would not solve our problems. Such purchased fragments have to be supported with native thought, developed further, and rapidly applied.

The point is thus that, now that an economic restructuring is taking place in the USSR and at the same time the negative aspects of domestic policy, industrial management, and relations with neighboring countries are being openly discussed, we should know how to resolve in a partner-like manner old problems and tackle immediately fulfilling plans for cooperation so as to accelerate the pace of the introduction of scientific and technical progress. We should not feel embarrassed about discussing areas of mutual disagreement, conflicting interests, or even simply the financial aspect.

But intergovernmental agreements and declarations alone will not promote such cooperation; what is needed is mutual acquaintanceship among individuals who are to cooperate with each other on a regular basis, as well as knowledge of the possibilities of partners, the status of science and technology, and the organization of enterprises. We must begin to learn all this in order to overcome the still existing bureaucratic, legal, organizational, and financial barriers. Such matters are not easy.

Publicity about unknown pages of history, cultural exchange, ordinary human contacts and friendships, and learning about the possibilities of the partners — all this provides a more favorable climate for jointly surmounting large and small barriers. This goal was promoted by, among other things, the Days of Warsaw in Moscow (7 to 12 September of this year), and by the joint conference of Soviet and Polish press spokesmen — Gennadiy Gerasimov from the Soviet Ministry of Foreign Affairs, and Jerzy Urban from the Polish Government. Openness [glasnost] should not only enable us to express our mutual problems and grievances but also and above all it should become a bridge for overcoming concealed mistrust and as a result promote more effective action and a better life.

The Days of Soviet Science and Technology being currently celebrated in Warsaw and Katowice on the occasion of the 70th anniversary of the Great October Revolution, as described extensively on pages 13-20 of this periodical, provide another good opportunity for familiarizing ourselves with what our Soviet partner has to offer. Besides, Polish scientists and engineers are not quite unfamiliar with it. Many staff members of our institutes and engineers have studied or worked as interns in the USSR, and for some time now direct contacts have been established between Soviet and Polish institutes and enterprises, as described in PRZEGŁAD TECHNICZNY, No 34, 1987.

The economic restructuring in the USSR and the economic reform in Poland have the common goal of catching up with the civilizational advances of the world. Here, one can of course entertain doubts, grounded in theory and philosophy, as to whether a technological civilization is the best solution for mankind, but nevertheless such a civilization is a fact.

Our lag in this respect affords us the opportunity to avoid mistakes committed by others. This too is a topic to be jointly considered. After all, here technology should not be an end in itself but a means toward a fuller life and greater personal growth of the individual.

1386

### **Socialist Pluralism Deemed Possible, Fits Marxist Definitions**

26000061b Warsaw ZYCIE WARSZAWY in Polish  
17-18 Oct 87 p 3

[Interview with Professor Piotr Sztompka, director, Institute of Sociology, Jagiellonian University, by Janina Paradowska: "Opening to Diversity"]

[Text] [Question] A new term, "socialist pluralism," has appeared in our political vocabulary. When a previously anathematized concept suddenly becomes officially sanctioned, theoreticians probably prick up their ears.

[Answer] At first glance the idea of socialist pluralism indeed looks somewhat suspicious, resembling yet another ritual conjuration, ideological slogan, or propaganda ornament. This is supposed to be the good Polish pluralism as distinct from those bad Western pluralisms. We remember how once appeals used to be made for a socialist mathematics, socialist physics, socialist art, etc. And only years later it was discovered that there is only one mathematics, only one physics, only one art. Just like that—good or bad, genuine or false, authentic or apparent.

[Question] Perhaps then similarly there is only one pluralism (or none at all), regardless of which camp it is in?

[Answer] That would be the initial reaction, but when the problem is considered more closely it turns out that it cannot be resolved by such facile ironizing. For the idea of socialist pluralism is appearing at a quite particular moment in history. The socialist system definitely has reached a turning point and is undergoing fundamental changes. Increasingly often, and justly, mention is being made of a "second socialist revolution," or of a "revolution within the revolution." Although applying the concept "revolution" to these changes may elicit doubts, let us bear in mind that revolution is a plurisignificant term. In one sense it is associated with barricades, armed might, salvos of the cruiser Aurora, and the storming of the Bastille—that is, with a particular, bloody, and violent form of changes. But in another sense it simply denotes far-reaching changes that touch upon the very roots of the system and affect the most central and essential mechanisms of societal, political, and economic life, in a word, radical changes. In this country the term "revolution" is associated with a particular quality of changes rather than with the nature of their course. In this other sense the revolution may be

both gradual and slow, peaceful, and it may consist in reforms. This is precisely how the "second socialist revolution" is taking place in our eyes.

[Question] But why "a revolution within the revolution"?

[Answer] Because it is both a negation and a continuation; a negation of all that which has had from the beginning little in common with socialism, or of what may have been indispensable during a certain stage of socialism but is now simply outmoded and an impediment to the growth potential of the system; and a continuation, because the fundamental values of socialism, its axiological core, are retained.

[Question] The revolution within the revolution that you refer to means a break with several dogmas that until now have been part of socialism-building.

[Answer] A break, first, with that distinctive socialist eschatology represented by the belief that the course of history is once and for all predetermined, inevitable, and necessary, and that it guarantees the victory of socialism as the social order of the future. This is being replaced by the view that socialism merely represents a certain historical possibility or opportunity that has to be exploited or, like any other opportunity, it may be forfeited. This directly means abandoning the idea of historical determinism and acknowledging that everything depends on individuals and their actions; on whether they desire to and can act. In a word, everything depends on the degree of mobilization of the masses and on the political will of the leadership elites [as published]. Next, there arises the awareness that socialism will not be built as a gift for the masses, from the top, without their participation; on the contrary, it can be built only together with the masses and on condition that the vision, program, or better still, realistic prospects for a better future seize the imagination of the masses. And lastly, it is being realized that the systemic, organizational, institutional forms of socialism-building are historically relative, that is, they may be appropriate and workable at a certain moment in time but may become atrophied at another moment and under certain circumstances may even obstruct the further development of socialism. This means breaking with a kind of ethnocentrism [as published], namely, abandoning the assumption that the first socialist revolution and the first socialist state are absolute, immutable, and ultimate paradigms.

[Question] Yet it should be asked whether a socialism lacking that faith in History, determinism, and its own inevitable success can still remain socialism.

[Answer] Let me answer that it is a socialism in the spirit of the socialism of Marx, Engels, and Lenin, only when it is a socialism that mobilizes for action, struggle, work, and creativity. Hoping that History will do the work for

us and waiting with folded hands for its blessed verdicts is the surest recipe for socialism to become the longest and most tortuous path from capitalism to... capitalism.

[Question] In that case, whence that revolution within the revolution? What factors have caused such fundamental changes in the very idea of socialism?

[Answer] I perceive three such factors. First, there is the evident collapse of the organizational effectiveness of socialism in its traditional form. The second factor is a somewhat unanticipated achievement of socialism, namely, the sudden rise in the social awareness of the masses, the rise of universal aspirations for coparticipation, cogovernance, and self-government, in a word, the awakening of the "civic society." Third and last, there is the ongoing process of globalization of the entire contemporary world, which is becoming increasingly interlinked by a system that permits no one to remain isolated and poses increasingly new technological, organizational, and civilizational challenges. In such a confrontation the restrictions, barriers, and obstacles to growth imposed by the traditional formula of socialism become especially glaring.

[Question] This then is the background against which the problem of socialist pluralism can be considered. Besides, this is hardly such a new problem, is not it?

[Answer] It has many precursors in our intellectual tradition, but let me mention just one. A quarter-century ago Stanislaw Ossowski formulated the concept of "a social order based on a system of agreements" that would reconcile the "polycentric nature of societal life with a rational planning system." He wrote: "This concerns resolving the conflict between the effectiveness of monolithism and the humanist values of polycentrism." Unity in diversity—such is the quintessence of Ossowski's idea and also, I believe, of the idea of socialist pluralism.

[Question] Let us then attempt a definition. Pluralism means recognizing the multiplicity and diversity of the manifestations of societal, political, and economic life.

[Answer] It means not only recognizing that fact but also regarding it as a desirable value, a systemic principle, and hence also, in practice, promoting its burgeoning. And it is to be a "socialist" pluralism in the sense that it is consonant with the fundamental principles of socialism by promoting social justice, full growth of the creative personality, universal access to dignified living conditions, etc.

[Question] Let us then define more precisely the elements of the thus interpreted socialist pluralism, because it will affect many domains of life.

[Answer] First, it is a social pluralism in the sense that it acknowledges the existence of a multiplicity of varied social forces, groups, strata, and classes with differing

and sometimes divergent and conflicting interests. In such a complex structure the category of the working class acquires a new meaning. The traditional concept of the proletariat, derived directly from the 19th century, is totally anachronistic in the world of computers, robots, automation, broad access to education, and mass culture. A better definition would probably be "the laboring class," which comprises all those who achieve a position in life through honest effort and conscientious and productive labor. When so defined, this class includes not only workers in the traditional meaning of the word but also engineers, scientists, and reporters, as well as owners of highly productive livestock farms, private truck gardeners, or even—o horrors!—proprietors of boutiques or of Polonia companies providing needed goods. On the other hand, there is no place in this class for idlers, wheeler-dealers, thieves, speculators, and bribe-takers—even for those of best "social origin."

[Question] Can the leading role of the thus defined laboring class gain social acceptance?

[Answer] In my opinion, yes. In addition, it corresponds best to the very nature of socialism as a system of society embodying the apotheosis of labor. Social differentiation, and, bah, even marked inequalities within the working class itself, are consonant with the nature of socialism when, and only when, they ensue from labor (from differentiated effort, and from the differentiated usefulness of different kinds of labor to society). On the other hand, socialism demands a principled struggle against inequalities stemming from any other source, and especially against inequalities based on exploitation, fraud, speculation, parasitism, abuses of office, etc. A much more evident dimension of pluralism is economic pluralism—the multiplicity and diversity of forms of economic life (with elimination of those based on injustice and exploitation), and in consequence a far-reaching decentralization and increasing application of mechanisms of economic competition. This is exploring the golden mean between centralist and bureaucratic planning, on the one hand, and free competition, which our system essentially does not accommodate, on the other.

[Question] I believe that it is economic pluralism that wins most easily (though not without some resistance) the approbation of the society. As for political and ideological problems, these elicit more heated disputes.

[Answer] Yet precisely the third dimension of pluralism is political pluralism—the democratization and decentralization of political life, broad application of forms of self-government, and a growing role of local governments. "Monocentric order," to use Ossowski's term, based on bureaucratic centralism, is receding irrevocably—let us hope—into the past. Lastly, the fourth dimension is ideological pluralism—the acceptance and toleration of a multiplicity and diversity of views and beliefs (and, this being highly essential, also of a multiplicity of interpretations of socialism). And finally, there is the cultural pluralism. The acknowledgment of a multiplicity of cultural values, tastes, likings, forms of

expression, and ways of cultural participation, is indispensable to making life under socialism fuller and more interesting, to making socialism a genuine humanism, a humane social order.

[Question] You have outlined five basic forms of pluralism. I take it that they all should have equal rights and by the same token this necessitates abandoning the concept of the omnipotence of the state and the absolute primacy of politics over other domains of human life.

[Answer] Yes, and let me add yet another face of the pluralism we are discussing—the acknowledgment of the possible multiplicity and diversity of socialisms themselves, of discrete national roads or models conditioned by the particular experience and traditions of discrete countries. Socialist pluralism can be attained only in the presence of a pluralism of socialisms.

[Question] If they are not to lead to chaos, multiplicity and differentiation require some kind of integration. Where is to be found the necessary unity of the pluralist socialist society?

[Answer] You are right. As Pascal observed, "A multiplicity that does not reduce to unity is anarchy, while a unity that is not a multiplicity is tyranny." I thus definitely believe in the possibility of a consensus of views on the principal humanist values of socialism, values which it has inherited from the broader centuries-long tradition of humanism as well as from the entire current of leftist thought. In our conditions such an integrating framework is provided by the traditional Polish patriotism. And lastly there is what Ossowski had considered so important in his concept—the ethos of mutual agreement instead of conflict and struggle as the paramount rule for reconciling disparate aspirations, attitudes, and interests.

[Question] But properly speaking what is there that is socialist about such a broadly conceived pluralism? Is it merely because we are trying to introduce it in a country that is called socialist?

[Answer] Its central organizing principles also are fundamentally socialist. This accounts for that apotheosis of labor as the paramount criterion for one's social position, the affirmation of social justice, and the elimination of all forms of exploitation. Under socialism these principles must be safeguarded not by some "invisible hand" of the capitalist market but by the "visible" hand of the state that is controlled by the society and responsible to the society. This refers to a state that would no longer be a monopolist, command-economy with a repressive apparatus of power but a government accepted by the society and coordinating the multiplicity and diversity of societal life.

With respect to social, political, and economic structures, socialist pluralism appears to be an indispensable prerequisite for the growth of the socialist personality—

a complete, well-rounded, innovative, creative, nonconformist, and intellectually unquiet and critical personality. Experience teaches unambiguously that uniformism, centralism, and monocratism affect that personality destructively and are creating an entire generation of gray, passive, and civically apathetic conformists. They thus undermine the foundations of any system of society, including the socialist system, namely, the creative and unhampered proactivism displayed by individuals who identify themselves with their community and are deeply rooted in society. Thus, the historic opportunity of socialism in the world of the late 20th century will also hinge on the further fate of socialist pluralism. Note from the editors: Readers are invited to send in their responses to these thought-provoking reflections of our interviewee.

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**'Polonia' Official on Economic Ties, Emigration, Passports**

26000051a Warsaw PRZEGLAD TECHNICZNY in Polish 27 Sep 87 pp 22-23

[Interview with Jozef Klasa, secretary general of the POLONIA Society for Liaison With Poles Abroad, by Daniela Baszkiewicz: "Open"]

[Text] [Question] Now we know what happened to Jozef Klasa, former secretary of the Krakow Voivodship PZPR Committee, former ambassador to Mexico and Morocco, and during 1980-1981 director of the Press, Radio, and TV Department under the PZPR Central Committee; you are heading the activities of a nonprofit society whose purpose is the difficult task of establishing contacts with the emigre intellectuals.

[Answer] The Society desires to gain entry to the scientific and technical groups in which emigres participate. It wants to revive the traditional foreign contacts of the Polish Academy of Sciences and other Polish institutions of higher education, to reach Polish groups and engineers belonging to elite societies.

[Question] But how can the trust of these groups be gained considering that in this country the odium of renegades is still being attached to emigres?

[Answer] True, until recently, and sometimes even now, those residing abroad, including many intellectuals, have been branded as being devoid of honor and faith and "anathematized," although within their own milieux they continue to be treated as before. They were labeled dissidents. Besides, this has also been done until recently in other countries. The aim of our Society is to organize in 1989, after a hiatus of 10 years, the Third Congress of Scientists of Polish Origin, which would inaugurate a genuinely total opening of Poland to scientists holding varied views. Our state should be more magnanimous than discrete capricious individuals. The state simply cannot display feelings of injustice and injury. We wish

to invite about 50 domestic and foreign scientists of major reputation to the program council established jointly by the Polish Academy of Sciences, Jagiellonian University, and 'Polonia' Society. These scientists will represent various scientific disciplines, including engineering ones as well, but they will also represent, regardless of their specialization, various political views. We shall invite 200 guests and we hope that they will also include Soviet scientists who admit to their Polish origin. We also want to invite those who have heretofore either not been admitted to Poland or "anathematized" in Poland.

[Question] This is an ambitious program. As a functionary of the Society, how do you comment on major political questions?

[Answer] To be honest, I would not like to be faced one day with the question of where I was when our country as a whole had the opportunity to establish contact with the new, educated emigre community.

I did not imagine this problem; it exists of itself and its very existence is forcing the Society to respond to it, and unless we respond to it rapidly and wisely, it will destroy us. Just consider what is happening elsewhere, in the USSR and in China. And what how are the Hungarians responding? Should Poland lag behind in its treatment of its emigres? There are other matters to be acted upon by the Society as well; for example, how should we act toward persons of Jewish origin who were educated in the Polish People's Republic, had emigrated after 1968, and still feel themselves to be Poles? And what about those who have opted for German nationality, are holding opinionmaking positions, and demonstrate their Polish roots at every turn?

[Question] As the head of a relatively insignificant organization, how can you succeed considering that the solution of the problem that "exists of itself and is forcing the Society to respond" would require changes of financial and passport regulations as well as changes in the mentality of the officialdom?

[Answer] The new policy toward emigres should promote the understanding that intellectuals have left Poland not just in order to emigrate but for other reasons as well, including their desire for professional self-fulfillment abroad. This concerns especially highly qualified persons with an engineering background. Nowadays we have to understand them, and although we feel bitterness and sorrow at their having left us, they should be won over in some way for the country's good. To accomplish this, the division into old "better" and new "worse" emigres should be abandoned once and for all.

It seems to me that the highest authorities perfectly understand the necessity of establishing contact with opinionmaking emigres and are expressing the view that such contacts cannot be accomplished solely by making declarations. The attitude toward the emigres is a consequence of Polish domestic policies and legal system.

The amnesty recently granted in Poland should represent an important and truly substantive step and stimulus for further contacts between the emigres and this country.

[Question] A stimulus?

[Answer] Because it has removed from many individuals the odium of being "renegades." This is a morally significant gesture and I would not restrict its significance to politics alone.

[Question] The average emigre, though a potential candidate for some day returning to this country, taking up residence in it, and perhaps also investing in it, meets with an obstructive response from the bureaucrats in Polish consulates abroad. His unjust treatment in this country is no longer big news, especially when we consider that he has to pay higher fees in hard currency for minor services than he would have to pay in the West.

Anachronistic regulations that no longer fit the times we live in should finally be altered. What used to be right a quarter-century ago is no longer right for a country with a substantial outflow of emigres. The provisions of the Citizenship Decree date back to 1962.

[Question] For example, Engineer Kowalski, a native-born good specialist, or an emigre, a person with the highest qualifications, desires to retain his Polish citizenship even though he has already gained, say, Australian citizenship, and wants to visit this country on a foreign passport. Does he have to relinquish his Polish citizenship?

[Answer] Answer, yes, because the 1962 law requires this.

[Question] An anachronism that obstructs many initiatives, including economic ones, is the division into domestic, i.e., ordinary, and foreign, "consular," passports. The possessor of a consular passport is not allowed to own anything in Poland. Well then, how can a person invest in a country in which he is not allowed to own anything?

[Answer] This is another anachronism complicating substantive contacts between foreign Poles and this country. It affects very adversely the flow of capital to Poland, which needs that capital.

[Question] How does the Society plan to promote revising obsolete laws?

[Answer] Societies such as 'Polonia' can merely attempt to establish their own "lobbies" — within the Sejm, at ministries, and at various decisionmaking levels. I attach great importance to such lobbies.

[Question] The word "lobby" has a negative connotation.

[Answer] I'm not sure it does, since a lobby advocating honest and justified civic concerns can also exist.

[Question] Could you name at least one Sejm deputy who would accept the risk of openly championing such civic concerns?

[Answer] It is Sejm deputies that are probably most receptive to such concerns. I have talked with the deputies Czyrek, Gierowski, Janowski, Lipski, Malinowski, Meclewski, and Wojna, not to mention the position taken by the Chairman of the Society, Mlynczak. They too are of the opinion that laws that used to be good in the past can no longer be tolerated in a modern country.

[Question] How long should it take before the activities of the deputies shall bear fruit?

[Answer] The bothersome entry-exit clause in the passport — that distinctive "visa" for Poles resident abroad, has already been dropped. I am convinced that many other regulations will be changed to the better.

[Question] It is not only by clauses that our compatriots that have been discouraged from visiting and investing in our country.

[Answer] What puts off the tourist is not only the charging of an entry fee "toll," indispensable as it is in view of our difficult financial situation, meaning the requirement that a stated amount of dollars be changed into zlotys and the fees that have to be paid in dollars inside this country, but also the terribly low standard of consumer services in Poland and in general the low level of amenities in this country.

[Question] A country situated in the middle of Europe!

[Answer] Unfortunately, in many domains Poland is a relatively uncivilized country; there is above all the humiliating treatment of tourists in government offices and service centers.

[Question] If the hypothetical Engineer Kowalski wants to be treated well, perhaps we should suggest to him that he establish a good private business in this country. The businesses established in Poland by foreign Poles have not so far proved their worth.

[Answer] You are touching upon the very painful problem of investing by emigres in this country. Many misunderstandings have arisen concerning such businesses, chiefly because certain companies supposedly owned by foreign Poles were actually established by indigenous crooks under that fictitious plaque. It is my understanding that only a small proportion of the businesses genuinely owned by Poles of foreign origin has turned out to operate unprofitably, but even this kind of "dishonesty" is being greatly promoted by the regulations, which are so unstable, so complicated, so open to arbitrary interpretation, that they discourage any serious

influx of capital and investment. It looks like it has been decided that Poland, alone among the socialist countries, should not go overboard in admitting foreign capital. This perhaps is why the chickens are now coming home to roost owing to halfway and half-suspended measures.

[Question] Is it the fault of the regulations alone? What about the bureaucratic mentality as well?

[Answer] The primitive notion that anything that concerns private business and especially dollars is aimed against the state and public interest should be put to rest once and for all. Unfortunately, this notion is not foreign to part of the party-bureaucratic apparatus, to which it often represents the sole way of "defending" socialism. The pseudoegalitarian idea that any kind of moneymaking in Poland is harmful has taken root, whereas it should be realized that a businessman who invests US\$1,000 in a business must profit from it at least US\$1,200 annually [as published]. Unless this is understood — and I could cite instances of the ruination by bureaucrats of well-performing companies — there will be an efflux of capital to the USSR, China, or Hungary, to countries which have become more open to the West than ours. We have already received signals that representatives of American and Canadian businessmen of Polish origin are seriously considering investing in the USSR.

[Question] Do you intend to establish the 'Polonia' Enterprise?

[Answer] We expect that the second stage of the economic reform will favor it. As a Society we want to become a shareholder in several private companies.

[Question] What does this mean?

[Answer] We wish to establish a foundation that would set up, for example, foreign trade enterprises for providing services to companies owned by foreign Poles.

[Question] Yet another unnecessary central agency.

[Answer] Why unnecessary? Nowadays companies owned by foreigners of Polish origin are completely helpless vis a vis large Polish central trading agencies which treat such "small" entrepreneurs as intruders.

[Question] So it will be just another mediator.

[Answer] Even now the PHZ [foreign trade enterprises] are such mediators, though not as flexible. We want to break up the monopoly held by the large central agencies in servicing the capital invested by foreigners of Polish origin.... But that is not all; we want to set up our own major typographical facilities and are negotiating with the Yugoslavs for investing their capital for this purpose. The typographical industry these days is big business, and who does not understand this should not handle it at

all. Please consider that our already existing little Polonia Publishing House has yielded 6 million zlotys in profits during the first quarter of this year. This would be followed by the establishment of a shipping company based on a joint venture, as well as of a tourist agency. Throughout the world, shipping and tourist agencies are doing good business, so why should not we have them too?

[Question] In this way your nonprofit Society would cease to rely on the state's financial support.

[Answer] By becoming a shareholder in large private companies we would be more independent financially and, this being precisely the point, we would be able to pursue a more independent policy as a genuine nonprofit organization.

[Question] You mean you want to be apolitical?

[Answer] Yes, we do, but I interpret this apolitical approach as follows: societies like 'Polonia' cannot participate in and applaud the policies pursued by a particular government in power. Rather, they should pursue longrange goals with the object of promoting Polishness and protecting those Poles who are scattered throughout the world.

[Inset] We are among the world's four countries with the largest number of emigres — after China, Germany, and Italy. Our Diaspora by now totals 13 million persons. Between 1970 and 1987 more than 200,000 persons with higher educational background have left our country; this includes a large proportion of graduates of higher schools of engineering and economics as well as of medical academies. The issue of establishing contacts with the new educated emigre generation is not, contrary to appearances, merely a so-called foreign and purely political issue.

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### **Prague Fete in Warsaw Rated as Boost to Better Bilateral Ties**

*24000010 Prague TVORBA in Czech 14 Oct 87 p 11*

[Editorial commentary by Ivan Matejka: "It Is Good To Have a Good Neighbor"]

[Text] Two main thoughts came up at the many meetings and discussions which were held in the course of the Prague Days in Warsaw (20-24 August). The first was that, despite the relatively small geographic distance, the closeness of language and history, and the fact that we are currently dealing with very many similar problems, we still know little about each other, are little acquainted with each other, and are making little effort to get to know and understand each other. The second was that it is necessary to make full use of all opportunities which the cooperation based on contracts and agreements offers us and that we must expand direct and immediate

contacts between plants, schools, cultural establishments, and research institutes in the field of services and trade. Both cities have things about which they can boast and which each can offer its partner. At the same time, we must remove all obstacles to direct cooperation. At his press conference in Warsaw, Comrade Antonin Kapek gave a totally straight forward answer to the question, "What is the greatest obstacle in implementing joint plans?" by stating, "The Prague and Warsaw bureaucracies." He stated that if we want to supply Warsaw with excess vegetables from the Prague markets, they obviously would spoil before the pertinent offices would reach agreement. Despite this, we perhaps will soon see a "Warsaw" florist business in Prague which will offer an extensive assortment of flowers which will surprise and charm every visitor to our city (and we hope it will be with the pleasing Warsaw style of arranging them which is quite different from our method of selling flowers). Warsaw is already utilizing the advice and assistance of our experts in constructing their subway. In time, an exchange of the best technological procedures should take place between individual plants. Prague trade unionists who visited several Warsaw enterprises were concerned not only with how to develop the exchange of vacations further, but also with experiences from the autonomous management of enterprises.

The meeting of social organizations' representatives was very frank. The representatives of Prague and Warsaw youth, for example, met in a joint seminar devoted to juvenile delinquency and utilizing free time. Both cities have similar problems; in both some of the young people come into contact with crime or are threatened by drug addiction. One of the causes of these phenomena is a shortage of various good things in life and amusements for young people. The activities of the young people's and students' clubs in Warsaw are an inspiration for Prague in this area as they offer an interesting program (especially for the youngest age groups).

The cultural program of the Prague Days was enthusiastically received in Warsaw. The Prague National Capital Gallery put together four exhibitions for Warsaw which got a lot of visitors and which were praised by the Polish press. The E. Lipinsky cartoon Museum hosted an exhibit of Vladimir Jiranek's humorous drawings devoted to ecological problems. The sculptor Stanislav Hanzik displayed his large and small sculptures and portraits in the Rzeźba Gallery. Another two exhibitions were close to each other on Marsalkovska Avenue. The Test Gallery exhibited Vladimir Novak's pictures and the glass works of art of 23 leading glass creative artists were shown in the hall of the Czechoslovak Cultural and Information Center. The performance of the Czechoslovak State Song and Dance Ensemble in the Zidovske theater was highly appreciated (mainly for its immediacy). There was interest in the presentations of the Central Puppet Theater in the Warsaw Puppet Theater. The reviewer for the newspaper ZYCIE WARSZAWY wrote on the four performances of the Semafor theater, "Semafor is a legend, but a living legend" and expressed

regret that Suchy's plays (Jonas, dejme tomu v utery, and Vetesnik) are difficult to translate into Polish. the cultural Program Culminated in two gala concerts in the Congress hall of the Palace of Culture and Science. Most of the singers who performed there have a good reputation in Poland. The Zentour rock group was a pleasant surprise according to the immediate response. For the future, however, it would probably be better to break up the large program into several separate concerts by type of music aimed at the various age groups.

But man does not live by culture alone...

And thus part of the Prague Days was also the Czech cooking week in the Prague Restaurant on Marsalkova Avenue (this avenue was obviously the main street of Prague in Warsaw). Not only our cooks, but even our waiters came for it. The Wars department store again offered Czech products in two booths (household goods, pile towels, children's clothing, tablewear, and others). Wars has been working cooperatively with Mars in Prague for years now and for this occasion also invited the Letna department store. The overall value of our goods sold in Wars was 30 million zlotys.

The Prague Days in Warsaw officially lasted only 5 days. Despite this fact, the daily TRYBUNA LIDU called them the greatest display of cultural and work results in the histories of both cities. "The main goal of the display—better mutual acquaintance and strengthening and enriching the fraternal contacts between the inhabitants of Warsaw and Prague—was met."

In a year the Warsaw Days will take place in Prague. They should be the culmination of 12 months of mutual efforts at gaining the most detailed knowledge of the neighbors' life and culture.

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## ROMANIA

### 'Scientific' Concept of Life Contrasted With Religious Views

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[Article by Univ Reader Dr Georgeta Florea: "The New Technical-Scientific Revolution and Formation of the Dialectical-Materialist Conception of the World and Life"]

[Text] Mankind is now seeing a rapid and comprehensive technical-scientific revolution. It is a major change characteristic of our period and a revolution in both science and technology that outdoes any of the previous changes in those fields of human knowledge and action in its rate, directions, significance and effects.

The essence of the current technical-scientific revolution lies in the close dialectical interaction of scientific progress with the revolutionizing of the technical base of production and in making science a direct productive force and a decisive factor for the development of all material and intellectual social activities.

The current technical-scientific revolution is the most spectacular leap in the history of man's relations with nature and an impressive "relaunching" into exploration and exploitation of nature by man and for man and his power to use and change the existing natural factors and to integrate them in socioeconomic activity. The great discoveries in physics, biology, chemistry, geology etc. have considerably broadened man's knowledge of nature and accordingly enhanced his ability to master its forces, to adapt them to his needs, and to free himself from his traditional servitude to nature. Now that he is free of nature's yoke, man is acquiring a better and better understanding of the need of protecting, preserving and exploiting nature.

The new technical-scientific revolution is also the most radical change that has been made in development of the productive forces and in improvement of technology, social production conditions, the tools and nature of technologies, the nature of labor, the correlation between man and technology, and organization and management of the productive processes.

The present technical-scientific revolution has profound effects upon the social and political development of society and, directly or indirectly, upon the individual as well. Economically, the restructuring of the production system greatly increases labor productivity and develops and diversifies material production and the economic sectors. As regards production relations, the new technical-scientific revolution intensifies the social division of labor on both the national and international levels as well as the exchanges of values produced in various states. In the social structure, it increases the importance and role of the working class and the scientific and technical intelligentsia, enhances the urbanizing process, etc. On the demographic level, it brings about a new evolution of population growth by lowering the death rate and extending longevity. Many changes also occur both in human relations and in political, economic and cultural-scientific relations among states.

The technical-scientific revolution is making major changes in the culture of society and in people's awareness. Development of the social-human and natural sciences, improvement and diversification of the means of communicating scientific and cultural information, democratization of education, etc. are considerably enhancing the levels of knowledge and culture and the influence of the scientific spirit in contemporary man's awareness and making him far more receptive to all that is new and advanced. The accelerated progress of science and technology reflected in the new production forces is increasing man's freedom in regard to nature and society

and enabling him to understand more and more of the secrets of matter and life and to become increasingly aware of his creative power and ability to change the world. With such effects, the new technical-scientific revolution is creating many opportunities to do away with the causes of religious alienation, being one of the factors for secularization in today's world and for man's emancipation from the influence of religious ideas and practices.

The technical-scientific revolution is universal, operating in all countries of the world, but its effects vary with the nature of the social system.

In capitalist society the technical-scientific revolution is contradictory because it tends to lag in some directions while stimulating progress in others. A socioeconomic and political system based on private ownership of the production means does not make complete or rational use of technical-scientific progress for the benefit of all society. Its results are distributed unequally among the members of society, aggravating the gap between rich and poor, the antagonistic contradictions, and exploitation which, together with unemployment, inflation and economic, social and political instability, impairs the human condition and multiplies the forms of alienation. Diversion of the results of the technical-scientific revolution to destructive purposes and attempts to form and expand the military-scientific complex, serving to aggravate the aberrant armaments race, have similar profoundly bad effects.

By the very nature of its production method, socialism favors full use of the advances of the technical-scientific revolution for the benefit of people and socioeconomic progress. In the course of socialist revolution and construction the values of science and technology become essential components of material existence. They are incorporated in the production forces, determine improvement of social and production relations and social organization and management, and essentially restructure society's cultural activity and people's life style and way of thinking.

The good effects of the technical-scientific revolution do not set in automatically but require the purposeful effort of the subjective factors. Implementing the new revolution in science and technology is a basic aim of the current five-year plan and a regular major effort of the RCP and its secretary general. In bringing out the essential role of science and technology in building the fully developed socialist society and bringing Romania up to new and higher levels of progress and civilization, the Directives of the 13th Party Congress devote a special section to the strategy for scientific research, technological development and introduction of technical progress. While consistently pointing out that socialism and communism require application of the most advanced gains of the technical-scientific revolution, the party secretary general also emphasizes the need of

revolutionizing people's awareness. As he says, "We will achieve no real technical-scientific revolution without this revolution in people's awareness and thinking."

The new technical-scientific revolution accordingly requires a new quality of the human factor. Therefore education must provide an excellent professional, technical-scientific and cultural training for all workers and especially youth, as the documents of the First Congress on Science and Education indicate. Formation and development of the scientific-materialist conception of the world and life are an important course of action in this extensive process, and the only one in keeping with the data of the modern technical-scientific revolution and the demands of historical progress.

### **Humanistic Significance of Scientific Advances. Inconsistency of Fideist Views**

Both quantitatively and in their importance the scientific and technical advances of the last 20 years surpass the entire evolution of man's knowledge. Quantitatively speaking, in our period the volume of scientific knowledge has doubled in 5-10 years, and 90 percent of all the researchers in the whole history of science are living and working today. The accelerated, exponential rate of scientific development, correlated with the effort to shorten the interval between scientific discovery and practical application from centuries in the past to a few months at present, is benefiting the human condition and man's more and more effective integration in his natural and social environment, as well as his way of thinking and set of values so as to enable him to form a scientific-materialist and revolutionary-humanist conception.

By virtue of its perceptive, projective-anticipatory and pragmatic functions, science has a profoundly humanist significance, since it reflects the exclusively human capacities to know the world, to master it in the course of social-historical practice, and to determine more and more accurately the place that man occupies and should occupy in the universe as an intelligent, creative and self-creative being, or in other words to acquire a true self-awareness. In its purposes science is the opposite of all that could impair man's development, degrade him, or place him in a position of servitude to the real or imaginary world. Through science and knowledge and through implementing their results in material and intellectual achievements, man enhances his ability not only to humanize nature and society and adjust them to his needs and aspirations but also to form and fulfill himself as a personality. Through science man becomes aware of his power, fulfills his human nature, and enhances his freedom, dignity, value and independence as a being that exists, thinks and acts knowledgeably according to his own options and decisions.

For example the new data from physics and astrophysics, which have passed frontiers previously regarded as absolute limits of human knowledge, have radically changed

the images of the universe, the microcosmos and the macrocosmos by establishing the conviction, of scientific-materialist significance, that all existence is matter in motion in space and time, governed by objective laws, uncreated and eternal. Their experimental verification, as well as the technical applications of the respective scientific advances, increase man's confidence in his perceptive capacities and demonstrate the inconsistency of religious theories about the creation of the world "out of nothing," and they are convincing increasingly broad categories of people that the assumed existence of "supernatural forces" is unwarranted and unnecessary to understand the universe.

The technical-scientific revolution shows the correctness of the dialectical-materialist principle that there are no unknowable phenomena but only phenomena that are not yet entirely known but can and will be known through man's labor and thought. Discovery of the atomic structure and nucleus, wide-scale use of nuclear energy, the start of direct exploration of outer space, reproduction in laboratories of thermonuclear phenomena that occur naturally in the centers of constellations or in the depths of the earth, etc. are stimulating the secularization of the world by demonstrating that existence is not composed of two worlds, one "higher" and the other "lower," one "accessible" and the other "inaccessible" to man, and one material and the other supernatural. Proof of the unity of structure and motion of the entire universe has reclaimed fields for man that were once presented by religions as the privileged place for the existence and action of the "supernatural" and superhuman "forces."

The scientific and technical successes have steadily diminished man's feelings of "weakness" and "inferiority" and considerably lessened the disproportion between man and nature in magnitude and power, while establishing and confirming man's place and role in the universe by populating it with his own creations (artificial satellites, orbital stations etc.) operating according to his own programs.

In their turn, information science and cybernetics are enormously expanding the area of investigation of the "great universe" and the "small universe," while providing soundly verified arguments against the mystical-religious theories about the so-called body-soul duality and clarifying the material substratum of the human mind. By its syntheses and development of superior polymers and a long series of substances, chemistry is proving that man can imitate nature by his creative strategies, can artificially reproduce its processes or phenomena, and can even create substances that do not exist in nature (plastics, synthetic rubber, artificial foods) which, beyond their strictly utilitarian effects, constitute a bold "defiance" of any restrictions on the freedom of human knowledge and action. Moreover biology and genetics are opening fields to man that the religions present as accessible to the "divinity" alone, by disclosing the biophysical and biochemical mechanisms

that operate on the intracellular level and are basic to the whole phenomenon of life and its self-reproduction (reproduction of a human being in a test tube, creation of new plant and animal species, modification of the genetic code, etc.). Meanwhile the advances of the social-human sciences (political science, ethics, sociology, psychology, anthropology etc.) are clarifying the nature of the human being as a bio-mental-social-cultural product as well as many of the so-called mysteries of human relations in society, theoretically substantiating the strategies for rationalizing the human condition and the quality of social existence, and considerably narrowing the area of influence of religious ideology and psychology. The social-human sciences are providing modern man with the ways, means and values that can enhance the self-formation and development of his personality.

Since the earliest times mystical-religious ideas have been in an irreconcilable conflict with science and a rational attitude based on logic. The radical conflict between science and religion is equally due to their entirely different purposes and to the nature of their content of representations, ideas and concepts and the procedures for instituting them. Therefore most religions openly or hypocritically opposed development of the sciences, while the latter broke away and freed themselves from the supervision of the churches relatively late and only after they succeeded in clarifying and secularizing a world enshrouded by the various religious explanations. Although the perpetual conflict between sciences and religion underwent only periods of extreme aggravation, the religions were always characterized by fideism.

The term fideism is from the Latin word *fides* ("faith"). In general it designates views that give priority to faith in comparisons of reason or science with religious faith, either considering it "superior" to the products of reason and science or placing them on the same level. The fideism professed by the various religions of the present period is not uniform. Some religions deny, condemn or disparage science partially or entirely with such arguments as the infallible "superiority" of faith or the "divine will" to allow man only the knowledge that has been revealed to him, the rest being either "unknowable" or "harmful" to human life. Other religions, having to allow for the unprecedented expansion science is undergoing in the new technical-scientific revolution, continue to assert the primacy of faith but no longer repudiate reason categorically and no longer contest the legitimacy of the knowledge gained by it unconditionally. For example, Roman Catholicism no longer rejects the sciences en bloc but tries to use some of their discoveries selectively but by distorting their true significance in order to create an appearance of their resemblance to the principles of its conception of the world and life. It treats the data of physics, astrophysics, biology etc. in that way. For example, the Roman Catholic Church no longer rejects or condemns the new data on man's origin as it used to. It accepts them formally but only in regard to the biological, bodily part of man, while the "creation" and

"evolution of the soul" pertain to God. We have to deal here with a phenomenon typical of the strategies most frequently used by contemporary fideism, which tries to reconcile religion with science for the unavowed purpose of subordinating it to faith. The representatives of fideism are maintaining the illusory idea more and more that there is a "perfect accord" between science and religion, for which reason they feel justified in "rethinking" the scientific facts in such a way that they "fit in" the pattern of the religious dogmas.

Another strategy frequently used by the contemporary fideists is based on the assertion that science is a perfect form of knowledge but effective solely for the physical world, beyond which it has no access. As the sciences roll back the limits of the known world further and further, fideism tries to adjust by placing the area of privileged action of faith beyond the new frontiers and by continuing to maintain that it is the reason why emancipation of science from faith is "impossible" or would have "tragic consequences" for man. Thus the fideists go back to their original contention that because the world is an entirely "divine creation" theology alone, based on the data of an alleged revelation, could discover its nature. Since contemporary civilization is based primarily upon science, many representatives of religion understand better and better that it does not help to preserve their influence upon the believers to contest directly, openly and absolutely the scientific facts and the effective means of action that they generate and make available to man. Therefore they have to recognize the usefulness of science but they present it as of "supernatural" origin on the level of the "divinity" who inspired men with it so that by means of it and by investigating the phenomena in their earthly world they would understand something of the "mystery" of his creations. And again the well-known conclusion: Science cannot attain to the "ultimate truths" by its procedures without theology and faith. Only if it is subordinated to them does it have any chance to mean anything to human knowledge and action.

Cosmology is a field in which fideist interpretations are making more and more headway today. The progress made by astrophysics in the current technical-scientific revolution has favored the development of scientific cosmology and confirmed the validity of the principles of dialectical materialism, and it is particularly important for demonstrating the erroneous nature of the religious cosmologies. In general the latter, based on the idea of a "harmony" predetermined by a "divinity," maintain that the universe was harmoniously composed and contains no disorder, hazard, clashes of opposing forces, evolution and destruction, etc. As contrasted with such interpretations, scientific cosmology reveals the fact that the universe has a history and that too one of a dynamism and "dramatism" difficult to imagine (v. the "big bang" model). Moreover, according to the most recent discoveries, the universe is not harmonious at all but contradictory. Its structure on the large scale appears "cellular," the walls of each "cell" being composed of

strata comprising a great agglomeration of galaxies, while the spaces between the "cells" are full of a very rarefied gas and are almost devoid of galaxies (five such "voids" are already known today). It is not homogeneously composed, when we consider the difference in the distribution of cosmic matter in the "cells" and the "voids," but it is homogeneous when we consider the fact that this structure recurs throughout it.

Extremely varied in time and space, the religious cosmologies evolved, significantly, from representations according to which the "supernatural" forces merely organized their preexisting world to beliefs that the world has an "absolute beginning" and was created "out of nothing" by the "divinity" that preceded it. The inconsistency of the religious cosmologies leads to many contradictions. When confronted with those situations, religions have to give up the old representations and try to reconcile their contentions with current scientific advances. For instance, by using the model of the "expanding universe," they are devising various "scenarios" that will be "proofs" of the "creation of the world out of nothing" or of "the end of the world" which, however, are no longer couched in the traditional terms but in some that are "adapted" to the spirit of our times, such as the "thermal death of the universe" etc. Whether explicit or veiled, such fideist interpretations merely subordinate discoveries vital to the progress of human knowledge to the religious myth of divine "creation." The constantly developing scientific cosmology is demonstrating more and more convincingly that the universe is eternal, uncreated and in continuous evolution according to its natural laws of structure, motion and formation.

Accordingly fideism capitalizes not only on the temporary limits of and gaps in current science but even on its great victories, usually exaggerating the destructive potentials of some scientific advances (use of nuclear energy, genetic engineering etc.) for that purpose. By imparting and invoking solely one-sided information that can foster pessimistic or nihilistic views of man's progress in connection with such problems as the energy and raw materials crisis, the threat of a nuclear catastrophe, the armaments race, pollution, armed conflicts in some quarters of the globe etc., the promoters of fideism maintain that scientific progress has inevitably been accompanied by a values "crisis" that religion alone can resolve. There is no question that mankind is confronted with many very serious global problems that the fideists also invoke, but they have profound social, economic and political causes and are not just reflections of any given values crisis that is the result of the same situation in its turn. Historical experience shows that mankind has also been confronted in the past with complicated problems that it has succeeded in resolving. Especially today, when the revolutionary, democratic and progressive forces in the world are constantly increasing and when public opinion and the peoples everywhere are taking an increasingly expectant attitude in direct opposition to those guilty of irrational use of some of the gains of the

new technical-scientific revolution and progressively asserting their determination to decide their own future, the present acute problems can and surely will be resolved in the interests of every people and of the progress and peace of all mankind.

Whatever strategies the contemporary religions resort to, they cannot stem the general process of rejecting religious dogmas and overcoming the traditional prejudices about the "superiority" of mystical beliefs, or the increasingly pronounced tendency, characteristic of the awareness of the people of the century of the new technical-scientific revolution, to rely on the powers of scientific knowledge.

### **The Contradiction Between Scientific Knowledge and Religious "Knowledge"**

The act of knowing is essential and critical to man and to the existence and development of his material and mental life. It is the activity whereby man, in the form of creation of ideas, reflects the real world and "produces" the information essential to his particular existence. A composite process of assimilation and mental reconstruction of objective and subjective reality by the individual and collective knowing subject, knowledge is subjective in form, in the content of the elements with which it operates and which are products of the human mind, and objective in origin, as a reflection of the existing world outside and independent of the subject and his perceptions. It is an open, social-historical process on both the individual and collective levels, and it is acquired gradually, proceeding from perception of the external, superficial aspects and qualities to their inner nature. It is a practically effective process because it permits understanding of reality and accordingly effective action.

Scientific knowledge is the product of a deliberate effort to understand the world as objectively as possible and also the result of growing specializations and use of highly effective and previously tested facilities, equipment, procedures and methods. It is intended to go beyond appearances and discover the general, essential, necessary and regular relationships as well as the causes that produce and maintain them in order to describe, explain and anticipate reality. Its results take the form of scientific concepts, hypotheses, laws and theories formulated in specific, often symbolic and very concise and unequivocal terms. It is systematic and methodical, pursues objectivity, checks its findings closely by particular rules, excludes any extralogical elements (prejudices, arbitrary preferences, purely subjective interests, habits, unwarranted convictions, etc.), and sets a critical-reflective standard guided by constructive skepticism.

As contrasted with the way science regards knowledge, religions maintain the existence of two ways and two kinds of knowledge, namely natural or elementary knowledge, produced by people's common sense, and

mystical-religious knowledge, "higher" than natural knowledge, of "divine" origin and inspiration, immobile, beyond the grasp of the human mind and understanding, and an impenetrable "mystery" accessible only through mystical, irrational belief. Actually, religions resulted from primitive man's extremely limited capacities for knowledge, since he was unable to understand and master the world with underdeveloped productive forces. In hopes of improving his living conditions, he imagined and advanced the only suppositions that seemed capable to him of explaining his practical and perceptive weakness, those to the effect that the world was created by "supernatural" and "superhuman" forces and was accordingly unknowable in nature.

Self-alienated by his perceptive capacities, man came to construct a fantastic, fictitious world with his uncontrolled imagination, not subject to any practical test and left to transform realities without restriction, instead of reflecting existence truthfully. That explains why religious ideas did not originate as explanations but as irrational, mystical suppositions and beliefs to substantiate attempts to improve the effects of practical action. Once instituted, these ideas become points of departure for later efforts toward intellectual and practical assimilation of the world. Gradually systematized, they become the dogmas of the various religions.

Scientific knowledge and religious "knowledge" are fundamentally different and unalterably opposed. This opposition is in the object and the way of substantiating them as well as the purposes pursued. The object of scientific knowledge is the world that actually exists independently of man and his perceptions. It is based upon proven certainties, critical-reflective thought, and constructive skepticism. Its purpose is to understand the world in its inner nature and to master it progressively through effective action. As contrasted with it, the object of religious "knowledge" is something considered beyond the possibilities of human senses and reason, something "supernatural," and in fact nonexistent, and accordingly requiring abandonment of reality and flight into a world of fantasies that it places between man as the agent of knowledge and the surrounding world as the object to be known. It is based (in the case of most religions) upon an alleged "divine revelation" and irrational belief. It demands unconditional abandonment of critical thought and constructive skepticism. It maintains that any "belief is sufficient unto itself" and needs no proofs or tests. It leaves immense resources of intellectual energy and creative intelligence unused and encourages convenient thinking. It opposes reason with the irrational and religious feeling, which do not agree with the realities, and it diverts actions based on the latter to the realm of fictions, impairing or ruining their effectiveness. In conclusion, religious "knowledge" is a pseudoknowledge.

Having appeared as a speculative reflection of the weakness and captivity of the human being, who lacked the material forces to free him from servitude to a hostile,

unhumanized nature and an antihuman society, religion became both a reflection of pseudoknowledge and a factor for intensifying it, despite the "modernizations" to which it has resorted and constantly resorts, especially since religious representations, ideas and beliefs no longer have any justification at all today and reflect an actual infirmity of perception that is unreasonably accepted in the greatest period of the technical-scientific revolution, even if they originally covered natural gaps in the state of knowledge in those times.

### **Need of Forming a Scientific Conception of the World and Life**

Scientific knowledge, characterized by the greatest objectivity and validity, has had an accelerated rate of development for a long time, made impressive by the present technical-scientific revolution. It is developing in constant correlation with the other forms of rational knowledge of the world and especially with philosophy, which provides science with the general principles for treatment of the world (universally valid methodological concepts and rules) as well as a certain way of understanding the world and of interpreting the significance of its results.

As contrasted with the viewpoint of the positivist and neopositivist idealist philosophies, dialectical and historical materialism indicates that science cannot be neutral or independent of general-philosophical ideals, attitudes and values, nor can it dispense with the philosophical view of the world as a whole and in reference to man. The more precisely circumscribed the areas are that science studies, the more necessary it is for philosophy to intervene in the construction and especially in the interpretation of scientific truths.

In the main, a scientific dialectical-materialist conception is necessary because any scientific discipline provides a limited and partial picture of the world and not one of the sciences nor even the sciences in their entirety can provide a picture of the world as a whole. Therefore influences of unscientific, idealist, fideist, irrationalist or, on an elementary level, religious philosophies can appear in an intellectuality composed of disparate scientific truths. The overall picture of the world that philosophy provides is not the sum of the scientific truths but the interpretation of them in the light of the set of philosophical values, making it possible for the same scientific truth to be interpreted differently by the idealist, fideist and irrationalist philosophies or fundamentally restructured in its humanist meanings by contemporary religions engaged in a "modernization" offensive. The scientific truth always has a latent humanist significance, but it cannot express it unless it is correlated with the philosophical man-world relationship. The scientific truth has a cultural-formative function indispensable to the human personality and the human model promoted by revolutionary humanism, and therefore it must not only be assimilated as neutral information but also

transformed through its dialectical-materialist interpretation to a conviction of the same kind as every man's way of thinking and acting through a firm philosophical option.

Accordingly science does not automatically or unequivocally generate a dialectical-materialist outlook. Therefore it is necessary to assimilate the historical and dialectical-materialist conception as a premise essential to a proper interpretation of the scientific truth and to formation of a scientific, revolutionary-humanist conception of the world and life. As it says in the RCP Ideological Program, that requires an explicit and firm confrontation with the various idealist, fideist or irrationalist schools.

To that end, the educational elements, schools on all levels and teachers must specially emphasize early formation and development of the basics of the dialectical-materialist conception of the world and life in youths by means of clear interpretation of all scientific disciplines, taught in the light of the categories and principles of Marxist philosophy. On the accessible level of each category of youths, the teachers should facilitate their understanding of the existing conflict between determinism and indeterminism and of cause-effect, necessity-chance and other relationships on the basis of the scientific material taught in the hours of physics, chemistry, biology, history etc.

There is both a strictly theoretical and a practical-educational reason why it is necessary to work to this end. The fact is significant in this respect that resistance to the new and indifference or skepticism about the progress of human knowledge on the part of those indoctrinated in the religious spirit is particularly striking in their attitude toward science and its social effects. Many studies of the sociology and psychosociology of religion show that religious belief is associated with a largely pessimistic or even nihilist view of science, just as evaluation of it in optimistic terms is a general indicator of the revolutionary, humanist conception of the world and life.

The fact must also be realized that many of the youths with religious indoctrination do not rule out either scientific progress or the possibility of its favorable effects upon people's lives. In those situations, some youths may attach secondary importance to science, being particularly inclined to believe in pessimistic prophecies about the future of mankind. Therefore whenever skeptical attitudes toward science and its social effects are observed, it is necessary to pay special attention to those youths, to discuss it with them on the basis of convincing and relevant arguments, and to dwell upon demonstrations of the anachronism of those attitudes.

Various situations may be encountered in scientific-materialist educational work. According to the studies made, youths under the influence of cults do not display

indifference to science but, on the contrary, seek information which, however, could be used in support of religious representations and ideas persisting in their minds. Those youths usually select and retain certain scientific data which, according to the methods observed and acquired in their religious instruction, they convert and interpret inflexibly, with no empirical grounds, in accordance with the religious dogmas and with what they have been taught to believe. In that case interest in science has bad motivations of consolidating religious belief. It is well to remember that their attention is focused primarily upon sciences and disciplines that are in full course of maturing (ecology, astrophysics and futurology) or upon those in which some phases or "links" in the chain of evolution of matter in motion are not yet clarified (as the subject of man's origin in anthropology for example). Absolutizing certain insufficiently substantiated suppositions or hypotheses, they believe that the relative or incomplete character of some scientific disciplines bears out the principles of their faith. Inasmuch as such attitudes not only obstruct the development of the youth's personality in the area of science and the creative progress of human knowledge, but also indicate some doubts about the validity of the religious precepts that must be exploited, the educational elements must work together consistently to restructure them. And development of the scientific truths into a scientific, dialectical-materialist conception of the world and life is the sure way to accomplish that aim.

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**Changes in Structure, Role of Working Class**  
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[Article by Univ Lecturer Dr Constantin Nica]

[Text] The rise of the working class as the nation's leading social force is one of the most radical social-political changes in the course of socialist revolution and construction, which has reformed Romanian society from the ground up. Once it rose to the rank of leading class, which lent it a new economic, social-political and intellectual status and denoted a qualitative leap in the exercise of its social role, the working class underwent radical internal changes and developed its collaboration and unity with all social categories of the nation. As the party secretary general said,<sup>(1)</sup> the great progress made in the years of socialist construction "is the result of the heroic work of the wonderful Romanian working class, peasantry and intelligentsia, who are staunchly carrying out the party's and state's domestic and foreign policies."

Description of the developmental trends and internal qualitative changes in the working class is of practical-political as well as scientific significance. Knowledge of the structural changes in the working class is most useful for forecasting and planning socioeconomic development and for demographic policy. Furthermore, it is

vital to consider the entire internal evolution of the working class and its relations with all social categories, whether it is a question of rational use of labor resources, investment effectiveness, facilitating rational satisfaction of human needs, or securing the party's correct social composition.

The characteristics of Romanian society in the present stage of socialist construction and the goals set by the 13th RCP Congress for the third stage of the RCP Program both reflect and anticipate the main qualitative changes within the working class. Romanian now has a strong industry equipped with modern technology that is playing a decisive part in the economy and is undergoing an increasingly pronounced intensive, qualitative development. Moreover both now and in the future the other economic sectors, especially agriculture, are and will be acquiring more and more industrial features. As a matter of fact, all the planned reforms in the economic and social structures and in social and political relations will produce not only increases alone but also real qualitative changes in the next few years.

The structural development of the working class is of two kinds, quantitative and qualitative, which are directly and permanently connected and interact dialectically. The quantitative development, reflected particularly in the trend toward changes that generate and prepare for changes, does not in the least interfere with the qualitative changes. On the contrary, they supplement each other. The quantitative changes are primarily in the numerical evolution of the working class in proportion to the other social categories and the total national population, while the qualitative changes are in the characteristics that define it as a social force and in the ways and means whereby it performs its social role and functions.

In the first stages of socialist revolution and construction in Romania, the revolutionary processes indicated that although the quantitative and qualitative changes are inseparable, the former were more important and prevailed at certain points. The qualitative aspects were more stable, since their origin and development took a long time. Note that in some periods quantitative changes also reflect qualitative developments at the same time. In the present stage, whose strategic objective was defined by the 13th RCP Congress, the qualitative changes are becoming predominant in the structure of the working class and in the ways it performs its role as the leading social force of Romanian socialist society.

### Major Quantitative and Qualitative Changes

The consequences of the socioeconomic progress and technical-scientific development of the years of socialist construction directly affected the characteristics and developmental trends of the working class.

The Romanian working class evolved in two major, relatively distinct periods. The first period included the initial stages of the revolutionary process, when society was characterized by the tasks of economic reconstruction and incipient industrialization and by the radical structural changes in industry and the whole national economy. In this period the socioeconomic developments were associated with a considerable increase in the numbers of the working class in the total employed population, with major changes in its structure according to sectors, with an increasingly important growth of the worker nucleus, and with a clear, general and rapid rise of the technical and cultural level of the working class as a whole. The second period, definitely characterized by the 13th Party Congress, which inaugurated a new era in Romania's whole socioeconomic development, includes the stages of construction of the fully developed socialist society. Thanks to the radical changes in all fields, the working class as the most advanced social force in the country is undergoing the most important innovations during this period. Alongside its absolute growth (in 1971-1980 its membership grew the most in the whole postwar period and it became the most numerous social class), its evolution is particularly characterized by the extent and depth of its qualitative changes. By virtue of their content and effects, the quantitative and qualitative changes are affecting the proportion of the working class in the social structures as a whole, and it is becoming the chief source for supplementing both its own ranks and those of the intelligentsia and other social categories.

Consolidation of the role and position of the working class as the leading social force and the main factor for production and socialist construction is the prevailing trend in all stages of socialist revolution and construction. The qualitative changes in the structure and nature of the working class, overwhelming in the stage of building the fully developed socialist society, are also inseparable from its evolution, which is particularly relevant in view of its proportion in the total population and some demographic and socioeconomic characteristics. The structural modernization of the national economy in many respects, the development of industry as the sector contributing the most to the national income, the development of socialist agriculture, and the processes of rapid urbanization have heavily influenced those changes against the background of a high mobility of the population from village to city.

The category of workers in the total population increased from 1,229,900 in 1950 to 3,109,900 in 1965 and to 6,084,000 at the end of 1985.<sup>(2)</sup> This growth has increased considerably in the last 22 years, demonstrating once more the radically innovative nature of the party policy inaugurated in that period in all social activities, and it is quite natural when we consider that over 90 percent of the total fixed assets in the national economy were placed in operation after 1965. Moreover the working class accounts for the highest proportion of the total gain in population employed in the nonagricultural sectors.

The working class has now become the most numerous social force in Romania and the main source for recruiting workers for all activities. The proportion of workers of working-class origin in the working-class structure is constantly increasing, while the peasantry and other social categories are playing a diminishing role in the series of outside sources for supplementing the ranks of the working class and of all nonagricultural employees. This strengthens the trend of the urban population toward natural reproduction and its conversion to the chief source for supplementing the ranks of the working class, while further strengthening the "hereditary" nucleus of the working class in its total complement.

The steadily growing proportion of the working class in the total workers and in the social structures is also associated with its increasing concentration and with the improvement in its structure according to sectors. Due to its direct connections with the most advanced sectors of the national economy (industry, construction and transportation), its concentration in the large and modern industrial complexes has been accentuated while its contribution to the industrial output has increased. Some 77.7 percent of the total complement of the working class are working in enterprises in national industry employing over 1,000 persons, broken down as follows: 16.0 percent in units with 1,001-2,000 workers, 16.6 percent in units with 2,001-3,000 workers, 22.4 percent in units with 3,001-5,000 workers, and 37.1 percent in units with more than 5,000 workers. These strong detachments of workers are helping to produce 86 percent of the total industrial output.<sup>(3)</sup>

Improvement of the working-class structure according to sectors, with many effects upon all its detachments and upon the other social categories as well, is also associated with the qualitative changes within the various industrial sectors, which have led to rapid growth of the numbers in the promising sectors promoting the new technical-scientific revolution such as machine building, the electronics, electrical engineering, precision machinery and chemical industries, and production of very advanced and highly automated technological equipment, which have especially high growth rates in the present decade. Meanwhile the regional distribution of the working class has been steadily improved by the RCP's consistent policy of proportional, harmonious allocation of major industrial capacities in every county.

Changes in material production always result in changes in social structure. Thus industry, which has become the leading sector in each county's economy and is now consolidating that position, has made and continues to make major structural changes in the employed population, in which changes the shift of part of the agricultural population to nonagricultural occupations is still a trend. The socioeconomic changes in the counties in particular cause the working class to grow on that level and accordingly throughout the national economy, so that the major aim of guaranteeing all Romanian citizens fully equal rights regardless of area, county or place of

residence is succeeding. The extent and high rate of social mobility, thanks to the changed social status of a large part of the population, are among the factors that lend substance to the qualitative changes in the social structures on the regional level. These demographic shifts have profoundly favorable effects upon people's way of life and thought.

The statistics on these social changes are very impressive. While there were 7,661,300 workers in Romania at the end of 1985 (80 percent of whom were laborers) or over 3.3 times more than in 1965 and over 5.8 times more than in 1945, the national average number of salaried workers per 1,000 inhabitants was 385 compared with 226 in 1965 and only 83 in 1945. At the end of 1984 there were four counties with 200-250 salaried persons per 1,000 inhabitants, 13 counties with 251-300 salaried persons per 1,000 inhabitants, 20 counties with 301-400 salaried persons and three counties with over 400 salaried persons per 1,000 inhabitants.

The swelling ranks of the working class and the formation of new working-class nuclei and detachments in all areas of the country are direct results of development and consolidation of socialist ownership and consistent promotion of the RCP policy of socialist and communist construction based on the most advanced gains of science, technology and human thought. That strategy is characterized, among other things, by profound humanism and optimal combination of economic with social-political criteria. Every county's growing economic power and the high developmental rates of the localities of the country meet not only the requirements for balanced and harmonious allocation of economic capacities in all areas of the country, but also the social criteria, the principles of socialist equity, and the demands of workers revolutionary democracy.

Consolidation of the proportion of the population employed in the nonagricultural sectors and accordingly of the ranks of the working class in each county is the mobilizing factor for some radical qualitative changes that provide, through the new levels of training, culture, awareness, civic attitude etc., for accelerated development of the regional economy. The economic effects of these changes in all counties' social structures are many and highly significant.

### Current and Long-Range Characteristic Trends

Under the present conditions of socialist construction in Romania the working class is becoming one of the most active promoters of the new technical-scientific revolution. The revolutionary process affects not only social and class relations but science and technology as well, which are critical to the progress and modernization of all society. Nicolae Ceausescu said, "In this five-year plan we intend to make a qualitative change in Romania's entire activity and to begin a new stage of development. We have started intensive development of the whole economy. We are specially emphasizing scientific

and technical development in all fields."<sup>(4)</sup> Basing all activity on the advances of the new technical-scientific revolution is the particular concern of the working class. On the one hand, as the leading class of Romanian society, it is expected to see that the programs for socioeconomic development, incorporating the current scientific-technical results and standards, are carried out, while on the other hand it completely assimilates the effects of technical-scientific progress while accentuating its internal mobility and performing its increasingly active role as the leading social force for the whole undertaking of building the new order.

There is no question that the new technical-scientific revolution is now resulting in an accentuated internal mobility of the working class; qualitative changes due to grouping and regrouping in its structures, to the rapid rise of the levels of training and culture, and to more intensive geographic and occupational shifts; a new relationship between the groups working in the most modern sectors and those in the traditional sectors; a new relationship between physical and intellectual effort and between largely physical and largely intellectual work; an increasingly active role of the working class in organization and management of socioeconomic units, and its growing active participation in all social management. Technical and technological developments are gradually eliminating certain traditional categories of workers and replacing them with new detachments concentrating on servicing and control operations and maintenance of industrial installations.

The differences between the traditional categories and those resulting from the technical division of labor are apparent but not fundamental or conflicting. On the contrary, those categories agree in their ideals and aims, that is they all work in socialist enterprises and they all function as owners, producers and beneficiaries of the entire national wealth. Their internal unity is accentuated as a unity among producers of the material values, and it is reflected in their way of life, culture, behavior, social and family relationships, etc.

Another characteristic trend in the evolution of the working class in step with the demands of the present stage and the prospects of Romanian society is the considerable improvement in the working class' professional competence, qualifications and knowledge of technical and scientific disciplines. The labor force needed for the existing capacities and for those to be activated is recruited primarily from the specialized high schools and craftsmen's schools and supplemented from the trade schools. In 1985 107,100 persons graduated from the industrial high schools and were trained as workers and almost all of them were integrated in the labor force, in addition to the 18,745 graduates of the agroindustrial high schools including those for forestry.<sup>(5)</sup> The particular qualitative significance of this evolution lies in the fact that professional and general-cultural high-school training is now a factor for stabilizing the complement of the working class, whereas previously its members with that level of schooling passed

into the ranks of administrative and service personnel or of the intelligentsia. In 1980-1985, 109,570 persons graduated from the craftsmen's schools, and the evolution of the numbers of those who attended trade schools followed by on-the-job apprenticeship courses is also highly significant. While 357,324 persons graduated from those forms in 1980, their number was down to 100,770 in 1985.

Thanks to the general level of technological equipment in all sectors, the social action of industry and its good effects are reflected not only in the degree of concentration of the whole working class but also in its competence and levels of professional, political and cultural training, regardless of the nature of any given sector. Whereas in the past the technical-cultural level of the working class was raised primarily by forming new detachments of it in the subsectors with better technological inventories in the peak sectors of the economy, in the stage of building the fully developed socialist society, thanks to the consolidation of industry's positions as the leading economic sector, all fields are being equipped with modern technology. Accordingly the proportion of highly competent and skilled workers required by the current demands of the technology and by the growing complexity of the labor processes is becoming increasingly important. Therefore, while the proportion of physical effort is decreasing visibly, the professional disciplines and skills are subject in their turn to a rapid obsolescence. This change, which has many favorable economic, social-political and ideological effects, is illustrated by the growing number of workers included in the instruction process through improvement, requalification or multiple qualification courses. The consolidation of the positions of workers with a rising level of training is to be explained not only by the qualitative changes in the economy as a whole and by its equipment and capacity to generate modern technology, but also by the results of the educational system based on the ideas of continuous training and close correlation of education with the requirements of production, reflected particularly in the development of polytechnic high-school education.

In the long-range view, the role of the technical-professional instruction system grows progressively as the new scientific advances are introduced in all sectors. The leveling of social and working conditions is accentuated accordingly, while the difficulty of the work in some sectors is eased at the same time. Nicolae Ceausescu says, "Both in the next period and thereafter the individual will always be the controlling factor for progress, civilization and socioeconomic development. Therefore we must make every effort to keep raising the levels of general, technical-scientific and general-cultural knowledge of all workers and the entire people."<sup>(6)</sup>

The radical socioeconomic changes in society and the technological developments call for a qualitative change of the individual, development of his awareness, and a broadening of his political and cultural training. Access to culture and aspirations to improvement are associated

with increasing awareness of the indispensable and critical role of the human factor in socioeconomic activity. All the significant changes made in the production processes for intensive development of the economy, with emphasis upon the qualitative aspects of efficiency and productivity, enhance the workers' social and professional prestige, inspire them with the robust, invigorating feeling of constantly increasing their substantial contribution to the national income, and strengthen their pride in being producers, owners and beneficiaries of all material values. Their cultural horizon, based on industrial work and the advances of the new technical-scientific revolution, is being consolidated as they are integrated more and more closely in the enterprises' activity and make a greater effort to lengthen their continuous service in the same unit.

These changes are inseparable from development of socialist awareness and improvement of professional training. The satisfaction of their jobs guarantee the workers their fulfillment as persons and citizens. Working-class awareness, focused on socialist culture, revolutionary ideology, the cult of labor and the values of socialist society, has a frame of reference in all-around material and intellectual progress. The power of working-class socialist awareness is reflected both in production and in the social, political and civic fields. The working class is perceiving the human aspects and the social implications of construction of the fully developed socialist society more and more clearly, and it is mobilizing itself accordingly to promote progress and to carry out the developmental programs in the most active way, while participating on a massive scale in administrative and organizational activity. The superior qualities and aspects of revolutionary socialist political awareness are brought out particularly as the principles and institutions of workers self-management and economic-financial self-administration are more and more emphatically asserted. The new ways and means of management integrate the workers collectives in the general problems and mechanisms of the national economy as a whole via the enterprises where they work.

Against the background of the general changes in the social structures, the radical qualitative changes within the working class have brought about interactions and ties with the other social classes and categories, especially the cooperative peasantry and some of the intelligentsia, which originated in the changes in the objective position of some detachments of the working class, namely the changes in the latter's involvement in productive activity, in the relationship between physical and intellectual effort, and in participation in the organizational and managerial processes.

Moreover the intelligentsia and especially the technical one is showing developments in its role and status that bring it objectively and progressively closer to the working class in its position in regard to the production means, since it works for the most part directly in production. But the intelligentsia as a whole differs from

the working class in its separate role in social organization of labor (although it is not becoming a leader of social production) by virtue of its particular connections with science, technology and ideology due to the social division of labor and because of its vital contribution to the nation's cultural-intellectual development.

There have also been qualitative changes in the social-occupational structure of the rural population due to agricultural mechanization, specialization and differentiation. At the end of 1985 working-class detachments numbering 526,600 in all had been formed in the rural areas in connection with professionalization of agricultural labor and accentuation of the urbanizing factors.<sup>(7)</sup> A large proportion of the personnel employed in non-agricultural activities have their families in rural areas, so that the total salaried personnel and families of mixed composition (worker and peasant) are much more numerous than the rural working-class detachments.

The interactions and mobility between the working class and the other social categories are accordingly accompanied not only by increasing social leveling but also by the presence of the social classes as a basic reality of the present social structures. Attenuation of the differences between largely physical and largely intellectual work is reflected in the greater creativity of productive activity. But that does not mean that physical work will disappear, because no society at any stage of development can exist through thought and intellectual efforts alone. Both the working class and the intelligentsia participate in both material and intellectual production, so that intellectual work is not confined to or peculiar to the intelligentsia alone, just as physical work is not limited to the activity of workers, cooperative and uncooperativized peasants, personnel of artisan cooperatives, etc.

The chief changes in the internal structure of the working class in the present stage (such as its greater share of the total employed population, the considerable improvement of its professional and social-political training, its more creative activity in the production processes and social-political affairs, and the leveling of its detachments in regard to the degree of difficulty and general complexity of their work) reflect the performance of its role in the system of socialist social relations. All these changes reflect the expansion of the social foundations of the new order, the consolidation of the position of the working class in society and in the evolution and prospects of the Romanian nation, and the growing assertion of socialist principles and values.

### **New Manifestations of Working-Class Leadership in Society**

In the present stage the working class' role as the leading social force is reflected in the entire people's free recognition of that position, in the esteem and moral authority it enjoys, and in its enormous contribution to the aims of socioeconomic development and to social management. The working class is also consolidating its position as the

leading social force through its place and role in the political system and in social organization and management, so that its internal organization and cohesion, its creative power, its spirit of dedication and discipline, its political prestige and awareness, the role it is assuming in the national economy, and its close ties with all social categories of workers are becoming more and more important.

In Romania the rise of the working class to social leadership marked the beginning of democracy in the true sense of the word. The inherent unity between the social role of the working class and socialist democracy, as part of the inherent tie between socialism and democracy, is a fact firmly rooted in the historical process of origin, consolidation and promotion of the new social order. The social-political situation in Romania strikingly brings out the historic mission of the working class to institute and consolidate, under RCP leadership, a new kind of democracy as the power of the people and to confirm the historical superiority of socialism thereby.

In the last 20 years especially, workers revolutionary democracy has been demonstrating its indispensability to social progress not only by the fact that it is all-inclusive and that its principles and mechanisms cover all social activities, but also by the workers' direct and regular participation in making and applying decisions. As Nicolae Ceausescu said about this, "We regard the working class not only as a class called upon to implement the decisions but also as a leading class aware of its historical role... There can be no socialism unless we take measures so that the working class, in whose name society is governed, will actually exercise its leadership and participate in governing society."<sup>(8)</sup>

In the RCP's view further expansion of democracy necessarily requires consolidation of the working class' role as the leading social force and its active participation in new ways and means of management suited to each stage. Accordingly self-management is the main axle of the Romanian political system and of improved social organization and management. Nicolae Ceausescu says, "We are developing the democratic forms of management extensively in the economy. On the basis of about 20 years' experience we have concluded that the masses' participation in management in the various democratic forms (management councils, general assemblies) is the critical factor for the people's greater interest and active participation in managing all activity. We are convinced that workers socialist democracy and mass participation in management are controlling factors for strengthening the entire people's unity and their resolve to make every effort to carry out all of the programs for socioeconomic development."<sup>(9)</sup>

The workers self-management system and the new economic-financial mechanism for self-financing and self-regulation harmonize the workers' general interests with their group and private ones as owners, producers and beneficiaries. The improvement measures adopted for

this purpose by the Third Congress of Workers Councils are intended to reinforce working-class leadership by full assertion of the principles and mechanisms of self-management in all sectors. The harmonious dialectical relations between the institutions and functions of the self-management system and the party and state organs, the twofold organs, and the mass and public organizations, relations based on ever closer collaboration and more and more complete integration, are intended to build and perfect a new and democratic system wherein the people are the controlling factor. The changes in the economy, in socialist ownership and in social relations call for new forms of communist political participation, commitment and responsibility. The self-management system, wherein the workers councils and general assemblies take full responsibility for the enterprises' efficiency, is an effective basis for all workers' revolutionary democratic commitment to construction of the new order and Romania's socioeconomic development. Actually, even if there are still some defects in the work of these bodies that interfere with the operation of the system, workers' democratic participation in socioeconomic management reflects the superiority of socialism over any other system yet known. Through the workers' direct participation in formulating, approving and implementing decisions, the self-management system and, on a broader level, the political system of workers democracy provides for suitable representation of the social interests in the decision-making process, a regular contact and dialogue with the masses, and socialist construction with and for the people. The workers' creativity in the production process, wherein they make their main contribution to social wealth, combined with the act of political and social-historical creation, determined by expansion of all workers' political rights and public responsibilities, lends new dimensions to the emergence of the working class as the chief subject of political action and accordingly of the sovereign power of the people.

## FOOTNOTES

1. Nicolae Ceausescu, "Speech at the Third Congress of Workers in Industry and Other Economic Sectors of Socialist Romania on 4 Sep 1986," Political Publishing House [PPH], Bucharest 1986, p 12.
2. "Statistical Yearbook of the Socialist Republic of Romania 1986," Bucharest, Main Directorate of Statistics [MDS], 1986, p 71.
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5. "Statistical Yearbook of the Socialist Republic of Romania 1986," Bucharest, MDS, 1986, p 313.

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7. "Statistical Yearbook of the Socialist Republic of Romania 1986," Bucharest, MDS, 1986, p 71.

8. Nicolae Ceausescu, "Romania on the Road to Building the Fully Developed Socialist Society," Vol 6, PPH, Bucharest 1972, p 216.

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5186/9604

## HUNGARY

### **Expected Price Hikes Prompt Widespread Savings Withdrawals**

25000022 Budapest HETI VILAGGAZDASAG  
in Hungarian 10 Oct 87 pp 52-53

[Interview with Tamas Kalocsay, Chief Accountant of the Hungarian Savings Bank; first paragraph is introduction.]

[Text] The National Savings Bank and the savings associations pay a 3 percent premium on top of the interest on all long-term private deposits between October 1, 1987 and December 31, 1988. Our reporter interviewed the Chief Accountant of the National Savings Bank [NSB], Tamas Kalocsay, about this measure announced last week and about the nervous mood of the domestic financial market.

[HETI VILAGGAZDASAG]: In recent weeks, rumors spread several times that there were queues in front of certain NSB branches in the mornings. Depositors are understandably worried about the devaluation of their money, especially since the government announced a 14-15 percent price hike in 1988. How has the NSB's business been in the past few months? There are indications that the population has started to withdraw their money from the savings bank.

[TAMAS KALOCSAI]: A few days ago we also received a phone call about long lines in front of a district branch of ours. Soon it turned out that it was not an attack of depositors worried about their money, but clients wanting to subscribe for Lada Samara cars waited there in masses. However, I do not want to say that there is not a certain anxiety in the market. Undoubtedly, a certain shopping fever has begun. For instance, in a short time there was a shortage of construction materials. There also has been an intensive growth of real estate transactions, we get more than the usual number of applications for mortgages. According to our information, there is also a huge demand for consumer durables. But just look at the windows of the downtown Kincsesbolt [shop of treasures]—it is empty, too. People try to do their shopping now because of the price hikes next year.

HVG.: Because of this, in what proportion do people withdraw their deposits?

T.K.: In the nine months that have passed of the year, the total of deposits in Hungary has grown.

HVG: Is it true for the recent months, too?

T.K.: This year we distinguish two different periods. In the first five months the sum of deposits grew, but there was a turnaround at the beginning of summer. Since then the sum of deposits has decreased.

HVG: By how much?

T.K.: By 400 million in June, by 1.7 billion in July and by 800 million in August. The balance in 1987 is still positive, although in the first 8 months of this year the population's deposits grew only by 7.8 billion forints, while during the same period of last year the growth reached 13.6 billion forints.

HVG: So it makes depositors anxious that the financial institutions are unable to guarantee the conservation of the value of the deposits in 1988. Because the 3 percent premium announced for next year only reduces but does not eliminate the value reduction of the deposits due to the price hikes. Even with premium included, the interest of deposits tied down for a year will be only 9 percent, while that of deposits tied down for two or three years amount to only 10 and 12.5 percent, respectively, in 1988. This is still far from the extent of the announced price increases.

T.K.: For the pension supplementing deposits combined with 11.5 percent interest life insurance, the 3 percent premium will offset the effect of price hikes. As for the other deposits, there is no doubt that we can only approach the interest to the expected price increase.

HVG: If the NSB wants to maintain the population's willingness to save, it should at least adjust the interest rate of the one and two-year deposits to the inflation rate. Without this, the sum of deposits may decline further, which would considerably narrow the NSB's business possibilities.

T.K.: The determination of the interest rates is not the NSB's function yet, but that of the financial leadership. It should be known, however, that currently every 1 percent increment in the interest rates means nearly 3 billion forints of extra expense for the financial institutions handling the population's money, and through them for the national budget. The present situation of the state budget would hardly make such an extraordinary interest rate increase possible. Or it would be only possible if the mortgage interests increased similarly. Out of its present deposits of 245 billion forints, the NSB has lent 220 billion forints as mortgage loans at 3 percent or lower interest rates. Since the government does not intend to raise the mortgage interest in the near future, we cannot raise the deposit interest rates beyond the announced extent, either. More exactly, the 3 percent interest premium will be paid not by the NSB and the savings associations, but by the state budget, which means altogether an extra expense of 7 billion forints for it.

HVG: It still remains a question, however, whether you will be able to stop the further reduction of the deposits with the announced interest rate increase? If not, it can easily happen that the NSB has to pay back deposits which it has already lent as mortgages. Also, sources for additional mortgage loans may dry up, and a huge—

and unsatisfiable—demand can build up in the consumer market. In your opinion, wouldn't it be "worth" maintaining this quite fragile balance of deposits and credits by adjusting interest rates to the inflation rate?

T.K.: I think the anxiety because of next year's price hikes is only one reason for the reduction of deposits. The decline is due to other, partly objective, partly subjective, causes, which we also have to take into account. If we don't, it can really look like the sum of the deposits depends exclusively on the movement of interest rates and price hikes. This relationship is not so direct. The decline of deposits is also related to the fact that incomes in 1987 have not increased at the same pace as a year earlier, while on the other hand, the population's debt payment obligations have been higher than last year. The issuance of bonds in the value of nearly 6 billion forints this year also trimmed the interest in deposits, since the 11 and 12 percent bond interest rates are always significantly beyond most conventional deposit interest rates. The new tax system also caused some confusion. Many thought that the taxation after deposits would mean the reduction of interest rates from 1988. This is not the case. From next year, financial institutions will add the interests and pay the tax after the total to the state budget. Accordingly, the owner of a 10 percent interest-paying deposit will receive the same 10 percent net interest next year as this year. And finally, some false rumors also contributed to the reduction of deposits. Many people happened to know that even the principal of the deposits and not only its interest will be subject to taxation, and that the largest deposits will be frozen and moreover, that deposit secrecy will cease. All these rumors are without any foundation.

HVG: In spite of all this, the caution of the clients is not accidental. Today scientific analyses prove that those who kept their money in savings deposits in the second half of the 70's suffered a loss of assets in real value, because the interest rate did not keep pace with the increase of inflation. At the same time, the value of real estate increased threefold, that of precious metals fivefold, claim many economists. Many depositors obviously do not wish to continue to passively contemplate another value loss of their money. By the way, when was the last time that the sum of deposits at the NSB decreased continuously for months?

T.K.: The last time it happened was in 1979.

13212

### **Panic Buying Follows Announcement of Future Price Increases**

*25000023 Budapest NEPSZABADSAG in Hungarian  
26 Oct 87 p 5*

[Article by Zsuzsa Gal: "Hoarding"]

[Text] Our current situation probably peels off all the pejorative connotations of the word chosen to be the title of this article. Because what have we called hoarding so

far? A sort of "anti-community" behavior, making "abusive use" of the leaked-out news about price hikes intended to be announced unexpectedly.

Today, however, we are witnessing a hoarding that is the natural consequence of the official announcement according to which consumer prices will increase by an average 14-15 percent next year. It is a natural and understandable act of self-defense on the part of the consumer that he buys this year what he perhaps will not need until next year. Most people do so without any speculative purposes—although there are exceptions—just to retain the value of their money.

### **Acquittal of the Consumer**

If we still feel that the hoarding that has been going on for weeks is an abnormal phenomenon, the cause is not, or not primarily, and absolutely not exclusively, consumer behavior. The phenomenon has turned abnormal for several other reasons. First of all, because the drastically increased demand has not been responded to with—proportionally or unproportionally—increased supplies. The phenomenon is abnormal because there are no further supplies for quite a few commodities bought up or hoarded. Because stores have virtually run out of television sets and refrigerators, because construction material yards have been emptied, and almost all sorts of goods show an increasingly scanty variety. Seeing this, even those who originally did not want to buy just because of the price hikes, start buying. And the buying fever, like some contagious disease, spreads from buyer to buyer.

The people are asking: couldn't the leadership of domestic trade have foreseen all this? It could have, and it did. But obviously, the supply of consumer goods cannot be multiplied in a month. Companies cannot—must (should) not—be given commands any more, but even if they could be, it would not yield results. The production of a commodity requires raw materials first, then semi-processed materials, a part of which has to be imported. All this happens through making contracts; it takes time, and even more importantly, companies' productive capacity is not made of rubber and import possibilities are limited.

### **Lack of Information**

There are yet other reasons for the abnormal hoarding phenomenon. For example, the lack of information. Because the information according to which consumer prices will grow by an average of 14-15 percent equals misinformation. Because it is to be assumed that the price of some products will be doubled while the price of others will be unchanged. The consumer cannot make anything of the 15 percent average, so he or she starts to buy everything, almost without selection. And this has harmful consequences on the consumer and on the disarrayed market.

True, there is some more information available than that number indicating 15 percent: the major tendencies can be read from the sales tax rates applied to the different groups of commodities, and these have been published. But few people take the time to browse through the tables. And even those who would will also know that, by themselves, the sales tax rates effective from next year do not provide guidelines. (In addition, the sales tax on construction materials bought for home construction is refundable.) Sales taxes can give a clue to next year's prices only if we know how much the present sales tax and subsidy is on different products or product groups, and what next year's profit rates and price indices by product groups will be. While these data are not kept secret, either, the majority of the population is mostly unaware of them.

We can also call lack of information yet another circumstance, which also confuses the consumer: reservations about official announcements and statistics. Since recent years' subsequently announced price indices did not necessarily converge with the population's estimates—in plain English, the population felt or measured an inflation higher than the announced one—it does not accept the now announced price raise without reservations. "If they say that it is this much now, the price increases will be even more, perhaps even 20 percent"—say many people, and before they go shopping they withdraw their money, or a part of it, from the bank.

For now, let's put aside the question of how much reality there is in this way of thinking—another article could be dedicated to the topic of the reliability of our statistics and the need to modernize statistical methods, and of the consumer who usually feels inflation to be greater than it is in reality—and let's follow our fellow to the bank. If there they gave him an interest rate at least as high as the forecast inflation rate, by no means would he take out his money. But they don't, and with good reason.

### Assuaging the Fever

On the one hand, they say that if they raise the interest rate on the population's deposits they also have to raise the interest rates on credits to the population, e.g. construction credits, and they do not want to do that. On the other hand, we know that it is not the goal of [the country's] economic policy to offset inflation: its open and declared aim is to hold back consumption and to reduce real income. Although it is obviously business rather than private consumption that should be put on the back burner, wasteful production that should be pushed back and the financing of business losses out of the state budget that should be stopped, the members of parliament, confident that all this will take place, too, accepted the program which aims to stabilize the economy: to balance the state budget and to halt the deterioration of the negative foreign trade balance. Recognizing the imperative necessity of achieving these goals, the

electorate reluctantly accepts the expected reduction of real incomes and, as a part of this, the fact that interest rates for the population are what they are.

Nonetheless, they are not exactly what they are. The shopping fever and the shortage of goods in its wake—probably despite of the economic policy concept—have elicited some anti-fever financial policy measures. One of these is the 3 percent annual interest premium awarded to depositors who leave their long-term deposits in the bank until the end of the following year. This annual 3 percent can reach 3.75 percent for deposits put in the bank before October of the current year, since the annual 3 percent is calculated from the time of depositing.

The other, not less important anti-fever financial policy step is the National Savings Bank's latest issuance of bonds, guaranteeing bondholders 12 percent interest instead of the usual 11 percent. The bonds can yield even more than the sum of the 12 percent interest payments: those who send the interest and principal coupons for redemption all at once, after the maturity of the bonds in 1994, will get 22,100 forints, including compound interest, for their current 10,000 forint investment. It has to be added that so far this has been the largest bond issuance for purchase by the population in the value of 3 billion forints, for the purpose of increasing the sources of the National Savings Bank for giving home construction credits. Of course, in addition to the purpose of easing the fever.

These financial policy steps are quite rational since they direct money from the market of goods to the market of investments. And although no deposit and no bond can yield enough interest to offset the foreseeable inflation rate, there will be—probably many—people who will choose one of the savings options rather than irrational spending sprees.

### Speeding up the Inflation

It is more favorable from several points of view and for several players on the market. First of all, it eases the pressure on domestic trade and thus on production and importing, although—as it is well-known—the government has squeezed further amounts of goods out of both sources, with special regard to the approaching Christmas holidays. It is also favorable because this way there is more money available for structure-changing investments or home construction. And it is also favorable because it means that goods not bought for real needs will not be stored away in the attic or the pantry, and so can be bought by those who need them here and now. And it is good for the manufacturers and the wholesalers, because this way they will have products left at the beginning of next year, too.

And it is also favorable because it can slow down a behind-the-scenes process: the acceleration of the inflation. Because what else is happening if not that when the

shortage of goods increases the amount of the tip to be paid to the shop attendant? That is, to the shop attendant who turns the storeroom upside down and finally, from the back of the cellar, can bring out exactly what the customer is looking for. And we pay the price for the resourceful and diligent saleswork so that we would not have to pay an even higher price to the cashier next year; and so doing, partially but entirely voluntarily, we speed up the inflation.

So, it can be assumed that the shopping fever will not continue to grow. Perhaps it will not also because in the midst of big spending more and more people will realize that if they spend all their money now so that they do not lose its purchasing power, they will get into trouble next year if some emergency, family or personal problem comes up. After all, families cannot feel safe without some reserves. Therefore, it can be supposed that following the first shopping wave, many will decide to stop spending and to save money instead, incurring some losses but playing safe.

But I can be mistaken and it is possible that the temperature curve will continue to rise. Even so, the hoarding consumers cannot be blamed; at most, only they can blame themselves. But it will be too late. That's why the toleration of smaller losses, the sober and calm consumer behavior seems to be more rational. And while we tolerate or shop, we also learn: we learn to adjust to market changes, to compute compound interest and interest, to reckon with economic tendencies and economic policy measures. However, this is only a subjective remark and I say it because I am inclined to strongly apply the philosophy of "there is a bright side to everything." I recommend it to the reader from the bottom of my heart.

13212

**Effect of Private Land Ownership Law Assessed**  
25000020 Budapest *MAGYAR NEMZET* in Hungarian  
27 Oct 87 p 1, 3

[Article by Judit Horvath: "The New Land Law in Practice—Tens of Thousands of Families Affected—Ownership Replaces Long-Term Use—Ownership Registrations in Progress"]

[Text] The new land law discontinued the institution of transferring land to another party for long-term use. The more than 127,000 land parcels subject to these provisions will be transferred to private ownership. Registration of the new owners has already begun, but it will take several months before the legal status of the 85,000 residential and 42,000 agricultural lots is settled.

The new land law went into effect a little more than two months ago. Its individual provisions affect tens of thousands of families, among them former owners as well as prospective owners. Although discontinuation of

the concept of long-term land use is only one aspect of the modified real estate provisions effective 1 September, that provision has generated particularly great interest.

What conditions did the legal change in property relationship produce? The law provides that land heretofore "used" for purposes of construction will be privately owned. Transfer will take place by the stroke of the pen, irrespective of differences in value and without having to pay any dues or fees. The same applies also to recreational lots and to enclosed gardens having a similar status. Regarding the latter, however, the land offices are obligated to determine whether the users of these properties are limited in their claim for private ownership, a matter that was not to be examined earlier.

It is the land office having jurisdiction, and not the local council that must render a determination. The transfer of ownership for cultivated enclosed gardens under long-term use is not as simple as is the transfer of residential or recreational lots having a similar legal status. The reason for the complexity is that such transfers do not take place automatically. In cases involving enclosed gardens the person who agreed to the use of his property by the other party must be petitioned for the transfer of title. Only after receipt of documentary evidence showing the owner's intent to transfer the title can the land office take appropriate action. The transfer of enclosed gardens can be delayed not only for the above reason, but also because the new law requires evidence of consideration on part of the owner whether he wants to transfer to private ownership the entire piece of property he allowed to use prior to 1 September, or only part of it.

All this demands the patience of the affected parties, and full preparation based on the exhaustive knowledge of the statutory and implementing provisions on part of the experts. This is even more so, because many people thought that in the weeks after the new law went into effect, more than the average number of people would come to the land offices and councils for information and action.

This "siege" did not materialize in most places, most likely because the land offices acted promptly. In some places the initial ownership certificates applicable to the 85,000 residential lots were mailed in early October. The basic condition for smooth administration is that the experts be prepared to act in a timely manner.

In Borsod-Abaúj-Zemplén County the local land offices organized training sessions in each district. While in mid-October the last training session was held in Szerecs, lists of parcels of land subject to long-term use agreements were being prepared in other parts of the county so that substantive work could begin as soon as possible.

Also the councils moved quickly, perhaps because the law requires them to perform some sensitive functions. Among these functions we find that they must examine whether the long-term users have satisfied their obligations with respect to construction (a provision, which, of course, does not apply to enclosed gardens). The lots will be taken away from those who violated their contracts, unless they can show good cause for their failure to perform. This is not a new requirement—long-term use contracts have stipulated similar criteria before. It is yet another issue that those who granted these parcels for long term use have failed to enforce such contractual provisions. Justifying their failure, their primary claim is the shortage of experts which hindered continuous oversight.

Along the banks of Lake Velence, Gardony's record is different. During the past 10 years more than 500 residential and almost 800 recreational lots were leased out for long-term use. The majority of grantees hurriedly complied with contractual provisions by starting construction in order to be able to compete with rising building material prices. But their compliance is also due to the fact that from time to time the local council checked whether the grantees have performed on their contracts, which, in the case of residential dwellings, tied them to five-year limitations, and to three-year performance requirements with respect to recreational facilities. Those who could not show a valid reason for non-performance had their long-term use grant revoked. The Gardony council dealt with an average of ten cases of this nature each year....When terminating long-term use agreements, the council reimbursed grantees the per square-fathom price stipulated in the contract, as well as the cost of work performed on the lot, such as the cost of transforming a tract of corn into a fruit orchard. Grantees also received indemnification for construction already started, in proportion to work performed.

Pest County's Rackeve is also a popular resort. The nearly 500 recreational lots subject to earlier long-term use agreements found new owners virtually within moments. So far the only concern the people of Rackeve had was that they had to file a written notice of intent of ownership to the council. This, of course should not have caused concern. These being recreational lots, the transfer took place automatically. In Rackeve, just as in other parts of the country, they began to examine performance on construction obligations during the past several weeks.

Suspecting violations, land offices received many reports about local councils entering into long-term use contracts as late as the beginning of September. But such contracts were not contrary to the provisions of the new land law! In these cases the executive committees of certain councils took action to enter into long-term use contracts prior to 1 September, and so the grantees "used" those lots in their capacity of long-term users. They did so, even if the administrative aspects of the

contract were completed at a time when the legal provisions for long-term use have expired. These lots will be transferred to private ownership only after the users performed on their contractual obligations to construct.

There were misunderstandings regarding the distinction between long-term use and long-term lease. In the latter case the real property does not transfer to private ownership. Similarly, lots granted by the state to another party free of charge, on a permanent basis—primarily in conjunction with the liquidation of settlements that did not conform with social policy criteria—will not be transferred to private ownership.

12995

## POLAND

### Legislation Urged To Anchor New Mixed Economy

26000049b Warsaw RZECZPOSPOLITA in Polish  
14 Oct 87 p 3

[Article by Ryszard Tupin: "Dynamic Model for the Polish Economy"]

[Text] In and of itself, the socialization of the means of production did not bring about the transformation of the Polish society into a "workers' cooperative" in which everyone felt a part-owner. Instead of the "associated employer" envisaged by the theoreticians, the administrative system of management produced bureaucratic distortions which are a threat to socialist societies.

These distortions are a threat because, in a centralized planned economy and with the efficiency of management reduced, this system created favorable conditions for the bloated administrative branch to exercise proxy power by virtue of the social ownership of the means of production and provided an opportunity to appropriate a part of added value. Meanwhile, an employee "selling" his labor to a socialist enterprise did not come to feel its co-owner, as he did not have genuine influence on the affairs of his plant. This gave rise to the feelings of indifference and alienation. The above portrayal of the centralized economic model, which is intentionally over-emphasized, goes to prove the necessity of divorcing two spheres, these of economic operations and of state administration. The jurisdiction of state administration should be limited to conventional fields, whereas in the economic sphere, the participation of workforces and individual employees should be brought about. They should come to feel genuine masters of the enterprise, being at the same time trustees for the interest of the entire society.

The national economic model comprises the entirety of principles of managing the economy, taking into account both the universal rules and branch peculiarities. Within

the context of the program of implementing the second stage of the economic reform, I would mention the following essential features of the Polish economic model:

- 1) preserving social ownership of the means of production (based on the participation of workforces) coexisting in the environment of market competition with private property (based on the individual ownership of the means of production),
- 2) democratizing and ensuring public access to the process of planning (national plans should outline development in the long term proceeding from the plans of basic economic units drawn up with the active participation of workforces),
- 3) letting prices be set freely wherever the market functions (substituting market prices for contract prices) and gradually extending this practice as market links develop; elsewhere in the economy, preserving price control by the state as an important device in affecting the living conditions of the populace and counteracting monopolistic tendencies,
- 4) creating an environment conducive to the employee enterprise and financial and moral stake by the employees in the enterprise being profitable by discontinuing intervention by the state in setting wages, while regulating the relationship between the state treasury and the enterprise solely through the system of taxation (e.g. by recognizing the principle that the enterprise transfers to the state treasury 60 percent of the profit, distributing the balance as it sees fit),
- 5) establishing legal equality for all economic units regardless of the type of ownership they represent (state, cooperative or private property) and making contracts the main instrument of economic relations (among other things, state enterprises would be entitled to sign delivery contracts and enter into associations with units representing various types of ownership),
- 6) allowing the plurality of organizational formats, from small enterprises to large concern-type groupings, introducing along with "the self-governing enterprise", the basic type, also the type of "corporate" enterprise set up pursuant to the law on associations (including the opportunity for the state to create one-person associations); transformation of a "self-governing" enterprise into a "corporate"-type enterprise would only be possible in case statutorily mandated conditions occur for such an enterprise to be liquidated or put into receivership (an opportunity for the workforce to participate in management, e.g. by securing one-third of the places on the board of trustees, should also be provided at state enterprises organized as associations),
- 7) democratizing social relations, which encourages the development of initiative and enterprise by individuals.

The above principles apply to all economic units, which rules out particular legal regulations for particular types of enterprises, since in this case we would have to consider several rather than a single economic model. A choice should be accorded among a variety of organizational and legal forms (organizational pluralism). Recapitulating, the Polish economic model should feature the operation in a market environment of various types of enterprises (state, cooperative, municipal, private), with conditions existing for economic rivalry among them.

Organizational dualism expressed in the parallel operation of "self-governing" and "corporate"-type enterprises, i.e. associations, requires that the issue of employee participation in [the management of] the latter be resolved. It appears that this could be done through a statutory guarantee of, say, one-third the places on the board of trustees of an association which is a state enterprise.

The expediency of introducing the "corporate" concept of legal persons is inextricably linked with industriousness and market risk, making it possible for the latter to devolve on an enterprise which is a legal person. Under the Polish conditions, this concept has several specific advantages, of which the following could be mentioned:

- it permits the introduction of a very flexible system of organizational forms in the economy, from small enterprises all the way to large concern forms,
- it enables various types of property to be used in setting up enterprises (so-called mixed companies),
- it allows us to solve the problem of state property committed to such an enterprise in an almost perfect fashion (the assets committed to the enterprise by the state in its capacity of founder become the assets of the association as a legal person as far as the civil law is concerned; from the economic point of view the state remains the owner of the initial capital of the association),
- it creates favorable conditions for both horizontal concentration (e.g. in the form of association of enterprises) and vertical concentration (e.g. a concern), making it possible to combine under unified management the enterprises which together perform all stages of producing a given manufacture, from supplying raw materials all the way to the sales of a final product. Tapping the potential for vertical concentration produces excellent economic results in the capitalist economy. A holding company is a peculiar form of organizing such concentration. According to a classical definition in article 671 of the Swiss code of obligations, a holding company is a company whose main goal is to participate in other enterprises. Under the Polish conditions, this form could turn out to be particularly well suited for setting up state holdings, i.e. control by the state of concerns based on mixed capital, both national and foreign.

Doubts may arise as to whether the "corporate" track of setting up enterprises would jeopardize the self-government model of the Polish economy. There should not be such an apprehension, as long as the legal system does not provide for a simplified "transformation" of self-governing enterprises into associations regardless of the opinion of employee self-government organs. This is why the will of employee self-government organs should be fully respected in the process of horizontal or vertical concentration, and "transformation" of a self-governing-type enterprise should only be allowed if statutorily mandated conditions exist for liquidating such an enterprise or putting it into receivership. Likewise, the pattern of managing socialist concerns should take into account the self-government foundations of the Polish economic model, i.e. provide for a council of the concern which would include representatives of employee councils from individual enterprises. The council would outline the general direction of operations by the concern.

If putting faith in economic initiative and enterprise is not to remain an idle slogan, it calls for developing organizational and legal arrangements allowing the enterprises to enter into associations not only to carry out joint production activities, but also to support the development of economic operations, secure domestic and foreign markets and safeguard the economic interests of member enterprises. Industrial law may facilitate the attainment of these goals. Pursuant to this law, "industrial associations" would be supervised by the minister of industry, who would be entitled to either set up mandatory "industrial associations" for a particular industry or order mandatory joining with an already existing association.

In its turn, the amended law on economic association should facilitate closer economic integration, and in particular:

- combination of the efforts of partners in producing a sophisticated final product (cooperative function), or

- cooperation with a view to supplementing the operation of partners in supply and sales, foreign trade, promotion of scientific-technical progress (complementary opportunities function), or

- management of enterprises operated by the partners (function of creating economic groupings).

The commercial code of 1934 should be adjusted to meet these needs, and in the future it should be replaced by the law on associations.

Ushering in greater economic freedom will call for legal regulation of the right to issue bonds, because regulations on the bonds will, among other things, include conditions for and restrictions on autonomous economic units representing various forms of ownership.

Certainly, the new economic model must be coordinated with the legal system of the state. It is absolutely necessary to adopt a program of legislative actions by the government for the years 1988 through 1990 envisaging a reconstruction of the legal system in keeping with the arrangements of the model.

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**Agricultural Cooperation Talks With Soviets**  
*26000046f Warsaw RZECZPOSPOLITA in Polish*  
*6 Oct 87 p 2*

[Text] On 5 October Roman Malinowski, president of the ZSL Chief Committee and speaker of the Sejm, met with a delegation from the USSR's Federal Kolkhoz Council headed by council chairman Ernest Leshnevskiy. R. Malinowski informed the Soviet guests about the main premises and implementation of the joint agricultural of the PZPR and ZSL and about the goals of the party within the context of preparations for the ZSL's Tenth Congress. Also discussed were certain problems of rebuilding economic structures in the USSR and Poland, with particular emphasis on agriculture and the food industry. Attention was called to opportunities for cooperation and economic integration in the agricultural-industrial complex and an exchange of experience in scientific and technological development. Participating in the meeting were presidium member and Chief Committee secretary Bogdan Krolewski and director of the Chief Committee Foreign Division Jan Czaja. Ivan Dolgiy advisor to the Soviet embassy in Warsaw, was also present.

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**Enterprises Cited in Cooperative Efforts With Soviets**  
*26000046d Warsaw RZECZPOSPOLITA in Polish*  
*7 Oct 87 pp 1,2*

[Text] Fiberoptic equipment will transmit video information, computers will design new machine structures, laser beams will enter the operating room and the drilling of oil and gas wells will be guided from an electronic console. Tectonic pressure will be controlled and scientific experiments automated.

This fantastic news is not a sample of scenes from science fiction films. These are actual topics included and implemented in practice, arising out of the "Composite program for scientific and technical development for CEMA member countries to the year 2000." Poland is its co-creator and an active participant.

Many of our scientific and technical institutions, factories and institutions have been cooperating closely with Soviet partners for several years. As was emphasized many times, this is cooperation "not once in a blue moon" that offers significant benefits to both sides. It is worth looking at just a few examples.

The Pomeranian "APATOR Electrical Machinery Works in Torun, with active participation by the plant Research and Development Center for Mechanical Governor Equipment, works closely with the Association for Electrical and Anti-Explosive Equipment in Donieck.

We are conducting joint research and development work in the area of anti-explosive equipment for mining needs, says engineer Zbigniew Olszewski, the plant's technical director. The work involves application of microprocessor technology, vacuum technology and energy electronics. We have worked out detailed plans for work in all fields that interest us and on the basis of cooperation we anticipate shared supplies of electrical anti-explosive equipment. Both sides have agreed, add the director, not only on the scope of mutual assistance in modernizing production technology but also in principle on agreement in the field of social cooperation.

Engineer Dr Wlodzimierz Szczepaniak, deputy director for research at the Main Research and Development Center for the Cotton Industry in Lodz, says we are exchanging scientific research and consulting jointly on that which is important to both partners. Together we are implementing many research topics, such as using azeotropic compounds for fabric finishing processes, working a composite spinning technology, weaving coat and shirt materials of polyester and cellulose fibers, adapting new equipment in finishing processes, working out a manufacturing technology for knitting yarn and expanding the use of looms. Our work with the Iwanowski Institute for Cotton Industry Research and Development is bringing us significant benefits.

The CUPRUM Copper Research and Design Works in Wroclaw works with Soviet specialists for the UNIPRO-MIEDZ Institute in Swierdlowsk and the Physics-Technical Institute of the USSR's Academy of Sciences in the field of creating an automated system (ASKGD) for effective control of the manifestations of tectonic pressure and forecasting mine deposits.

Both sides, said engineer R. Boryczka, deputy design director, are conducting research work aimed at constructing an apparatus for controlling the manifestations of pressure and predicting it.

Close ties unite the Dairy Institute in Warsaw with the All-Union Research, Development and Construction Institute of the Dairy Industry in Moscow. The work conducted jointly has as its goal the construction of mechanized lines to produce cottage cheeses and development of appropriate bacteria cultures used in producing milk beverages and other, similar dietetic products with high nutrition values.

The concrete effect of this work, said Julian Gawel, director of the Dairy Institute, will be a better technological standard due to the use of hermetic lines (improvement in quality).

Our traditional methods so far, he adds, require a significant outlay of labor. Hence shortcomings in quality. Mutual assistance, an exchange of experience and studies have a very specific effect on the improvement of production processes. This is very important because we are the biggest producers and consumers of cottage cheeses in the world. This puts us under an obligation.

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### Arguments for Closer Soviet, CEMA Ties Presented

*Warsaw TRYBUNA LUDU in Polish 19 Oct 87 p 3*

[Article by Zygmunt Slomkowski: "Poland's Openness to the World: No Economy in Isolation"]

[Text] Active participation by Poland in the CEMA session at which methods for improving the mechanisms of economic cooperation among socialist countries who are members of that group were discussed. Soviet Science and Technology Days, which contributed to better recognition of export opportunities for our largest trade partner. Joint committee meetings—Polish-French and Polish-Indian. Discussions in Beijing by vice-premier Szalajda. Our participation in the sessions of the International Monetary Fund, where our financial ties to the capitalist world were examined.

That is an abbreviated catalog from just the past few days depicting Poland ever expanding inclusion in the rhythm of international economic life, which is a consequence of the gradual strengthening of our economic condition. The facts cited also show the broad scope and many directions of our economic and trade activity abroad. They also show their variety and openness both geopolitically and in their range of forms and we note too the Warsaw conference under the auspices of UNIDO on mixed partnerships.

In any case, this is our consistent line stemming from two basic premises.

First, despite significant raw material and energy resources, strong industry and still unexploited agricultural capabilities, Poland must cooperate with other countries on an economic plane and it cannot condemn itself to economic self-sufficiency. Indeed, I recall words spoken at a certain factory meeting, that we would have everything if we did not export, but today even a first grader understands that without trade we would strangle our economy. If we can have a grievance against ourselves it is only that we have often not shown sufficient activity and consistency in action or initiative and drive, leaving sectors empty or inadequately filled by us on our globe. In reference to some of the countries of the Third World we can even talk about inefficiency. By rejecting the experience of other countries more lively in trade, we have had to deal with the fact of insufficient exploitation of the opportunities the Soviet market has given us.

Secondly, in the development of economic cooperation we can see the creation and fortification of the material fabric of broadly conceived international cooperation, including political cooperation. This is a material fabric of ideological ties and a bond of goals with brother countries to whom we are bound by close alliances. This is a material pillar with momentous significance for peaceful coexistence and cooperation with countries belonging to other socioeconomic systems.

### Dirty Laundry

The ironclad, inviolable rules of this activity are equality and mutual benefit. They are binding and they are closely observed by us in both bilateral and multilateral relations, and thus in all international economic and financial organizations. And these rules will not be violated by deficiencies or losses resulting from poor financial decisions (i.e., poorly used credit) or economic decisions (i.e., inaccurate or excessive investment ventures) or from inadequately considered premises of long-term economic policy.

It is worth remembering all these elementary truths when here and there around our efforts to increase our economic activity abroad, an attempt is being made to show our dirty laundry, and in the new version—given previous fiascos—an “ideology” is being created that adds a political element to economics, to relations that are based solely on economic reckoning.

What is this dirty laundry? It is voices attempting to impute that under “Moscow’s dictate” we are limiting economic relations with capitalist countries. Moscow also “imposes” on us its scope of trade with CEMA and binds us with the threads of raw material supplies, agreements on cooperation and specialization, as well as joint enterprises in order to subordinate Poland politically as a consequence.

I am overlooking the fact that this method of reasoning was derived from a completely different “pulpit”—from the relations between certain capitalist powers and their smaller clients among developing countries. It is something else that is important, namely that propagandist dithyrambs of this kind are supposed to camouflage the fiasco of undertakings against Poland by some Western nations at the beginning of the 1980s and the real reason for the drastic limitation of Poland’s economic relations with those countries. Indirectly, such voices express the concern that active participation by Poland in rebuilding the economy in socialist countries will consolidate our positions in the international arena and thus in relation to our Western partners.

### How Was It?

First we have to go back to the beginning of the 1980s. The West sudden cutting off of our stream of financial resources and trade, along with other restrictions,

deprived many manufacturing plants of materials, semi-finished products and spare parts which, after the disturbances of 1980-81, contributed to putting our economy face to face with paralysis. The USSR not only made it easier for us to fulfill our trade obligations by extending our exports and payments while meeting its own deliveries, but also granted credits, supplied additional materials needed to sustain production in many factories and increased deliveries of consumer goods. Then the USSR took part in implementing certain investments suspended as a result of our lack of financial resources.

Considering what occurred then in terms of economics and trade, one could say that the blow dealt to the Polish economy by the decisions of certain Western governments, mainly the US, was countered by the USSR and certain other socialist countries. As a result, Poland’s trade receipts from socialist countries increased while they fell on line with Western states. That period also produced closer ties on other levels of economic cooperation with socialist countries. Normal economic laws were in operation here too. The positions abandoned by Western firms were filled by firms from the USSR and other brother countries.

The same laws required consolidating and developing these relations. For not only did they pass the test in our most critical period, they also confirmed once again where we have a completely credible partner, not motivated by short-sighted reckonings essentially born of illusions. So we survived an important lesson on economic partnership which cannot be forgotten.

Let us remember: On Poland’s part, no step was made, no action undertaken that could have been construed by our Western partners as a desire to abandon them. It was they who discarded the principles of serious traders and reached for the level of politically undermining our economic development. This has remained in our memory, but not for a moment did we depart from our multidirectional path of economic cooperation with foreign countries. Moreover, we actively tried to stay on it. But our returning to a normal course of economic relations was and to a large extent still is hindered. Even where words worthy of approval are spoken, actions do not follow or, in any case, act that matter and are important.

### Inviolable Principles

Yet one could say that the sense of realism that is now emerging from myths and falsehood on the political plane will also prevail in economic and financial relations, which will not only allow our Western partners to rebuild their former positions in relations with Poland but also to expand and fortify them.

As we know, there are no obstacles on our side. On the contrary, opportunities for new forms of cooperation have been created. The fundamental stage of our reforms beginning now can serve this direction.

Naturally, this openness cannot be perceived as indirect or tacit acceptance of attempts made to continue—under different circumstances and perhaps in different forms—the treatment of economic and financial action toward Poland as an instrument of pressure or political blackmail or as a “carrot and stick” policy; this phrase was not invented by us but by Western correspondents during the visit of Vice-President Bush.

Poland's economic relations with Western countries, as with all countries, can be based only on the principles of equality and mutual benefit, with full respect for our political principles and our sovereign right to resolve our own affairs. These are not imagined principles but rules that, if they are not always fully respected in practice, are certainly commonly acknowledged in the civilized world and thus across the entire globe at the present time. In particular, there is no reason why we should abandon them or why any attempt should be made to force such abandonment on us. Efforts in that direction, which we felt at the beginning of the 1980s, did not produce anticipated results, yet our country traveled precisely the path Wojciech Jaruzelski outlined in his speech on 13 December 1981, which had been designed earlier by the PZPR's Ninth Congress.

### Natural Partnership

Of course, the direction to which we attach particular significance is our brother socialist countries, especially our main economic partner, the Soviet Union. Socialist political principles and therefore similar economic instruments, direct proximity, the size of the Soviet market with its varied offerings both in exports and imports, the enormous industrial, scientific and technological potential—these are elements that vary according to quality but elements that define the scope and depth of our economic partnership. A partnership that arises not only out of political volition but also out of natural circumstances that objectively are exceptionally beneficial to the Polish side. Note that the Soviet market is the object of solicitous measures by the economic and technological powers of the West.

What is more important in a certain sense is the fact that partnership with the USSR, as with other brother countries, is characterized by exceptional stability; it has not registered sudden collapses and on a long term scale is marked by both quantitative and qualitative progress.

As a result of this cooperation we have built and stabilized entire branches of industry, such as shipbuilding, based on large Soviet orders, or metallurgy, thanks to guaranteed supplies of ore from the USSR, or petrochemicals, thanks to Soviet oil flowing through the pipeline to Plock. One should note our participation in

Soviet investments, guaranteeing us supplies of valuable raw materials crucial to our economy. Add to this, with CEMA, agreements on cooperation and on specialization of production that create still unexploited opportunities for long manufacturing series and thus reduction of our own costs, or guarantees of deliveries of goods in whose production one of the partners has less experience or poorer technological conditions. We also have experience in the field of joint manufacturing ventures with the GDR, Czechoslovakia and Hungary as well as joint enterprises and joint scientific and technological ventures designed to launch new products of the highest world standard.

The CEMA program and programs established on a bilateral basis to the year 2000 anticipate a broad scope of activity in this realm. The main idea of these ventures is the maximum effectiveness and efficiency of the economies of socialist countries and increasing the number of their products on world markets.

### Integration: A Necessity

It must be strongly emphasized here that formal economic ties among CEMA countries and enterprises and the goals of this cooperation are not something new in the contemporary world. Let us take a look at the integrational processes that occur in particular regions of the world, especially in the EEC, which is systematically expanding its assets and at whose door a number of countries are knocking. Of course there are different mechanisms of integration but similar economic rules hold. And the main difference are based on the fact that they have gone farther than we. Because today even large individual firms cannot operate alone; this applies to entire economic entities.

Moreover, these ties have already begun to penetrate political boundaries. Even Poland has certain, though very modest, accomplishments in manufacturing cooperation with Western firms and we are opening up more and more, proof of which are the new opportunities created for foreign capital in Poland. And not incidentally, we note here, negotiations on the issue cooperation between the two economic communities, CEMA and EEC, have taken on color. Poland is an advocate of this rapprochement.

Against this background, standing out in particular is the embarrassing primitivism of those voices that maintain that integration within CEMA or raising Polish-Soviet economic relations to a higher level of quality is not an economic but a political measure which hurts the Polish economy besides.

If that is the case, one could ask, is integration within the EEC absorption of Belgium by Finance, for instance, or sucking up Portugal's gross national product by Great Britain? Indeed, there are differences in the two integrations, but they are based on the fact that while in the EEC the weak fail and workers are left out of work, in CEMA

cooperation aims to strengthen the weak, countries as well as individual firms. In other words, are we to understand that the broad scale of Poland's cooperation with any of the Western countries (and there are the beginnings of this) would be tantamount to political subordination to that partner.

### Mutual Benefits and Interests

It is true that we do not see economic relations with the USSR and with CEMA as perfect. But the point is something else—the problems arising from realities. Shortcomings and imperfections have practically been named by individual member countries. The point is that on the trails of cooperation there are still many barriers and pitfalls, that—and this emerges as the main problem—this cooperation is not totally effective. That is why the issue of improvement, of fundamental restructuring was on the agenda and was discussed at the last session of CEMA, with the participation of the heads of its governments. "We are in favor of introducing clear and distinct economic rules in economic policy, internal and multilateral," said Premier Messer at the CEMA session.

Among other things, this refers to monetary and financial instruments and to prices. The price system operating in exchanges between socialist countries has been based on local prices, often isolated from world criteria, obscuring the true value of products and materials. This conditions has become a burden to everyone. Movement in the direction of change is a requirement in connection with the process of making prices realistic in every one of the socialist countries. But the issue is complicated and we have little experience. Part of this experience is the price of crude oil, established on the average of the world price for the past five years. This is beneficial to customers since it does not expose them to sudden fluctuations and thus to unexpected expenditures (this rule was established during the period of continual oil price increases), but at the same time the account evens out over the long term. However, this cannot be a model, although its commercial principle is a step forward.

"The problem of prices and monetary and credit relations is complicated," said CEMA secretary Vyacheslav Sychev, "because questions related to commerce can only be settled on the basis of the rule of mutual benefits. That is why as never before this proverb is applied: Measure seven times, cut it once."

These words express concisely but vividly the principle of relations within CEMA: Benefits and mutual respect of interests. In reference to another issue, Premier Messner said, "It is important that we abide by the statutory rule of the undertaking of ventures by those member countries that are prepared for it and that express such a desire. A lack of readiness to participate in a given undertaking on the part of any of the member countries should constitute a barrier to its implementation by

others. It is here that the principle of equal rights, of respect for mutual interests and the democratism of the Council's (CEMA) functioning is expressed in practice."

Let us add that economic reckoning determines everything and in acquiring significance in every country individually, it must define all economic action, in multilateral relations as well.

### Not Conflict but Harmony

CEMA's integrational programs are not in conflict with the aim of developing relations with countries outside this group. If progress in both directions—in Poland's case—is not always proportional, then this occurs not just beyond our will but also against our that will, as a result of the work of impulses that are located neither in Poland nor in CEMA countries in general.

The CEMA countries as a whole are advocates of expanding economic relations between socioeconomic systems, both multilaterally and bilaterally and among individual countries. Strengthening the bonds of cooperation within our community serves the development of all CEMA nations. And the growth of this strength is an objective factor in stimulating the most broadly conceived international cooperation—geopolitically as well; it expands its base and creates conditions for raising it to a higher level. It makes every country a stronger and thus a more attractive partner. And this, naturally, applies to Poland too.

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### Economic, S&T Cooperation With Bulgaria Planned

26000046c Warsaw RZECZPOSPOLITA in Polish  
19 Oct 87 p 2

[Text] On the Planning Committee of the Council of Ministers consultations have taken place between central planning bodies of Poland and Bulgaria on directions for economic, scientific and technological cooperation between the two countries to the year 2005. Discussed were opportunities for adapting the decisions made during the 43rd session of CEMA to bilateral cooperation. Opportunities for independently establishing direct cooperation between enterprises and scientific and technological entities in Poland and Bulgaria were an important element of the discussions.

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### Views on Polish, Chinese Reform Efforts Exchanged

26000047a Warsaw TRYBUNA LUDA in Polish  
13 Oct 87 p 6

[PAP report from Beijing: "Closer Economic Cooperation Between the PRP and the PRC"]

[Text] Acting Secretary General of CCP CC, Prime Minister of the PRP Zhao Ziyang received on Monday Deputy Chairman of the Council of Ministers of the

PRP Zbigniew Szalajda, who is paying an official visit to China. Polish-Chinese relations in the economic and scientific-technical field were evaluated. It was stressed that a complete legal and contractual foundation for their development has been laid. It was stated that, by virtue of this, conditions now exist for developing specific cooperation between enterprises and R&D facilities of the two countries. Also, information was exchanged about the implementation of reforms in Poland and China; it was stated that they are proceeding in the same direction, in view of which both parties showed interest in sharing experience in implementing the reform.

On the same day, Deputy Prime Minister Z. Szalajda held talks with Deputy Prime Minister of the State Council (government) of the PRC Wan Li and Deputy Prime Minister, Chairman of the State Planning Commission Yao Yilin. In keeping with the resolutions made during the visits of Wojciech Jaruzelski to China in September of last year and of Zhao Ziyang to Poland in June of this year, opportunities were discussed for developing scientific-technical and economic cooperation, thus creating conditions for establishing joint production links and specialization of production between the organizations of both countries.

Agreements have been reached on initiating forms of closer cooperation between Polish and Chinese economic and scientific-technical units.

Deputy Prime Minister Z. Szalajda and Chairman of the State Commission for Science and Technology of the PRP Song Jiang signed a protocol detailing the agreements made during the visit of the Polish delegation. Besides, Co-chairman of the Commission for Scientific-Technical Cooperation, Undersecretary of State in the Chancery of the Council of Ministers Andrzej Zor and Deputy Minister of the Electronic Industry of PRC Xie Gaojue signed a document detailing general conditions for carrying out scientific-technical cooperation between Poland and China. Deputy Prime Minister of the PRC Wan Li took part in the signing ceremony.

In the course of his visit, Deputy Prime Minister Z. Szalajda held talks with Mayor of Shanghai Jiang Zemin and Governor of Yunnan province Hye Zhiqiang. Specific opportunities for cooperation were discussed during visits to the largest TV set factory in the PRC and to two R&D institutes—for plant physiology and biochemistry and non-ferrous metals.

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#### **Mining Cooperation With China Viewed Favorably**

26000047c Warsaw TRYBUNA LUDU in Polish  
19 Oct 87 p 5

[Article by RENMIN RIBAO for TRYBUNA LUDU:  
"Favorable Prospects for Cooperation in Mining"]

[Excerpt] Recently, particularly rapid progress has been noted in Chinese-Polish cooperation in mining and mining technology.

In June 1984, the governments of the two countries agreed to set up a Sino-Polish commission for economic, trade, scientific and technological cooperation. This is part of a broad plan of economic reforms in both countries. Pursuant to this agreement, a permanent working group was created which meets once a year in either Beijing or Warsaw.

A Chinese delegation led by Chen Dun, deputy minister of the coal industry of the PRC, took part in the fourth meeting of the above working group which was held in Warsaw between 14 and 23 September of this year. In mid-November, a Polish delegation led by the Minister of Mining and the Power Industry Jan Szlachta will visit China. The exchange of delegations and the talks held show that prospects are favorable for further cooperation of the two countries in the extractive industry.

#### **Second-Largest Producer in the World**

Coal is the main source of power in both China and Poland. Both countries hold top spots in the world in coal reserves and production. Known coal reserves in China amounted to 800 billion tons at the end of 1986. Coal production came up to 590 million tons last year, making the PRP the second largest producer in the world. Poland, with its 37 million people, has 63 billion tons of reserves and annual production around 190 million tons of coal (in 1986). Abundant reserves of coal as well as the common purpose, socialist construction, make it possible for China and Poland to cooperate in developing their extractive industries.

Mining has a long history in Poland. The mining technology is advanced. The PRP has accumulated valuable experience in the difficult field of mining deep seams. Cooperation in mining began in the 1950s.

In accordance with the agreement signed in late 1984, which was aimed at continuing socialist modernization, China has purchased 38 sets of mining equipment worth, in total, 310 million Swiss francs. Fifty-six pieces of machinery, as well as ore enrichment equipment and rescue and safety monitoring devices for mines have been imported.

Technical information furnished by Polish experts has played an important role in the development of the Chinese mining industry. Contacts have been established between mining research institutes, rescue organizations and higher schools of mining in both countries. These contacts have made it possible to boost considerably the scientific and technical level of the Chinese coal industry. China has benefited from Polish experience and advanced technology. Likewise, Poland has shown interest in Chinese technology. Negotiations are underway on the Polish purchase of two-speed electric motors, high-pressure rubber hoses and chains for transportation machinery in China.

Tapping its energy resources is vital to the economic development of China. The PRC is planning to increase annual production to 1.2 billion tons and to modernize its considerable pool of mining equipment before the end of this century. The extractive industry of China will develop in keeping with the principles of reforms and openness to the world set forth by the Central Committee of the Communist Party of China. Polish-Chinese cooperation in mining shows the desire of China to further develop [foreign trade] exchange with all friendly countries.

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#### **Publication Cooperation Talks With Italians**

26000046b Warsaw TRYBUNA LUDU in Polish  
12 Oct 87 p 8

[Text] A delegation from the "Prasa-Ksiazka-Ruch" Worker's Cooperative Publishing House [RSW], led by President Wieslaw Rydygier, has visited Italy at the invitation of the Italian Periodical Press Association.

The delegation held discussions aimed at expanding Polish-Italian cooperation in the field of book and periodical publishing. It became acquainted with the work of and met with publishing house management representatives—Lancia in Rome and Le Monnier and Olimpia in Florence. They expressed interest in Polish offerings of translations into Italian and other joint ventures in publishing.

At the federation of daily newspaper publishers, observations were exchanged on improving newspaper distribution. The RSW delegation also became acquainted with the printing structure of some Italian publishing houses and newspapers. It also held official meetings with the director of the Press Department of the Italian Ministry of Foreign Affairs, Giuseppe Pannocchia, the head of the Office for Legal Compliance in Publishing, Giuseppe Santaniello, and members of the presidium of the Association of Italian Journalists.

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#### **Agriculture, Food Industry Cooperaton With Italy**

26000046a Warsaw RZECZPOSPOLITA in Polish  
13 Oct 87 p 2

[Text] On 12 October Zbigniew Michalek, deputy Politburo member and PZPR Central Committee secretary, met with a group of representatives of Italian socioeconomic organizations in Poland for the "Polagra'87" International Agricultural-Industrial Fair. The organizations, working in agriculture, the food industry and industries that produce farm equipment, were headed by Errico Jannone, secretary for economic affairs of the Italian Peasant Conference, and Fernando Laforano,

president of the Italian Center for Union and Cooperative Structures (CENFAC). Jan Czaja, director of the Foreign Division of the ZSL's Chief Committee, participated in the meeting.

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#### **Industrial Goods Overtake Coal in Export Dollar Earnings**

26000049a Warsaw TRYBUNA LUDU in Polish  
20 Oct 87 p 3

[Article by Jan Markusz: "Import Shortfalls Induce More Vigorous Exports"]

[Text] Finally, something "got rolling" in the exports of Polish goods and services to hard currency-denominated markets. This may be pleasing, but it does not create a permanent feeling of satisfaction, all the more so because the long-awaited pick-up in foreign trade with the countries of the 2nd payments area [capitalist countries] has further accentuated the problems which will have to be solved on the way to eliminating the unfavorable phenomena and reinforcing the favorable trends.

#### **What Will Take the Place of Coal?**

As of the last year, nothing foreshadowed a break in the quite protracted stretch of stagnation in exports to hard currency-denominated markets. Exports of hard coal were reduced by almost one-fifth owing to the pressure of inland demand. At the same, the downward trend was reinforced in sales of the metallurgical products (e.g. copper, zinc and silver) and chemicals (especially sulphur) to foreign customers from the 2nd payments area. Fulfillment of the goals of the central annual plan for 1986 was in serious jeopardy under the circumstances.

Meeting the quota of the overall export plan became more realistic only in the last several months, when the machinebuilding industry made a spurt. Before the end of the last year, it succeeded in achieving an unprecedented increment of hard currency-denominated exports (especially to China), coming up to over 36 percent. Moreover, exports of agricultural products and processed foods, as well as the products of the light and furniture industries, posted respectable gains. In total, this enabled us not only to meet the goals of the central annual plan, but also increase the growth rate of exports by a small margin (0.9 percent) compared to 1985. However, last year's positive balance of trade, which came up to \$1.1 billion, turned out to be more than 20 percent below the plan.

Clearly, last year's levels of exports to hard currency-denominated markets, except for those of the machinebuilding industry, held out no promise of a pronounced pick-up in 1987. And yet...

### **Increasing Significance of the Machinebuilding Industry**

Over 8 months of this year, the volume of exports to hard currency-denominated markets (in constant prices) increased by 9.3 percent, whereas that of imports—by 6 percent. Likewise, the ratio of prices secured for exports and those paid for imports (terms of trade) was favorable. Over 8 months of this year the positive trade balance with the 2nd payments area reached \$804 million, whereas over the same period of last year it barely came up to \$493 million.

Is this to say that all production sectors and branches in our country contributed equally to this generally favorable results of exports to the hard currency-denominated markets? No. It turns out that over 8 months only 11.7 million tons of hard coal were exported to these markets, or almost 38 percent less than over the same period of last year. After all, the costs of mining this fuel are going up due to, to name one reason, increasingly difficult geological conditions, whereas world market prices go down and inland demand remains at a high level. What is to take the place of coal?

It turns out that sales of products from the machinebuilding industry (including mining machinery and equipment, machine tools and passenger cars) increased considerably in both the last and the current year (by 13.6 percent). The light, furniture and food-processing industries registered even greater increments.

Clearly, the process of restricting coal sales is affecting the structure of exports faster than expected. Exports of sulphur, copper and their derivatives remain at a relatively stable level. The machinebuilding industry is assuming the leading position. This is the way it ought to be.

### **Exports to the Rescue**

In the context of generally favorable export statistics, it might be instructive to find out what the secret is behind the obviously greater interest of enterprises in this sphere of operations.

This is due to many external and internal factors. The prevailing opinion, however, is that economic necessity, or, more precisely, the hard currency shortage, was the decisive factor. Let us recall that, as recently as last year, imports from the 2nd payments area were more than 42 percent below the 1978 level and required the commitment of over 95 percent of current cash proceeds of exports due to the lack of loans from the banks of Western countries. Moreover, whatever can be imported from those markets was (and still is) allocated for investment projects and the market rather than for current supplies.

Considerable disruptions occurred in the years 1985 and 1986 in the management of hard currency funds to which exporters were entitled by virtue of the ROD [retained hard currency allowance] accounts because of the lack of adequate cash supply in our bank. As a result, fundamental changes in the system of hard-currency self-financing of the enterprises were introduced effective 1 January of this year. The RODs were transformed from registration to cash endowment accounts, but the average rate of allowances was simultaneously reduced by one-fifth. For the period of transition, a mere 5 percent of the balance in accounts as of the end of last year was transferred to the accounts of enterprises on 1 January.

We know well what happened at the time. Stoppages became a threat at many enterprises due to the shortage of various parts. Therefore, a solution was sought in stepped-up exports. This went to affirm the classical function of economic necessity.

At present, the exporting enterprises own much greater funds accumulated through retained hard currency allowances. They may transfer the funds to other units, especially contractors.

A concept of closer links between the ROD and the efficiency of exports is being developed within the framework of the second stage of the economic reform. Also, making the rates of the allowances uniform and increasing them is under review, which should gradually widen the scope of hard-currency self-financing of the enterprises. This should promote growing enterprise of importers when combined with the entire package of measures being prepared. Their objective is a more vigorous policy of currency exchange rates, increased scope of using foreign trade prices, credit support (including hard-currency loans) for small export-oriented investment projects with a short recoupment period and more favorable conditions for setting up various cooperative ventures.

### **How To Promote a Favorable Trend**

The current level of exports to the 2nd payments area, which last year was slightly above \$6.5 billion and well below the 1980 mark (about \$8 billion), is a far cry from both the potential of our economy and the scope of its needs. Securing hard currency for modernizing the pool of equipment, acquiring modern technologies needed to produce parts for many consumer goods and to service foreign debt depends primarily on whether the pick-up in exports will be maintained under the still difficult circumstances, on whether we succeed in transforming the present pick-up into a broad-scale export-oriented restructuring of our economy.

In my opinion, this calls for closer cooperation in the efforts of both central echelons and enterprises. At issue are especially cohesive and more efficient measures to promote more rapid changes in the structure of export

and to improve its profit margin and greater participation by R&D facilities and technical support units in developing and implementing new technologies and new generations of products. We can hardly dream of fighting keen competition in foreign markets unless there is a fundamental change in our approach to the quality and modern design of the products we turn out.

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### LOT Decisionmaking, Economic Dilemmas Outlined

26000047e Warsaw PRZEGLAD TYGODNIOWY in Polish No 42, 8 Oct 87 p 3

[Article by Wojciech Kiss-Orski: "Continuing Troubles"]

[Text] The Polish Airlines are going through the most difficult period in their entire history of almost 60 years. Unfortunately, as happens often, it took the crash in Kabaty Forest to drive home the situation of our civil aviation. Starved of capital for years and torn by erroneous and irrational decisions, it is now in a state which one should not wish even on the worst enemy. One thing is certain: the time has finally and ultimately come to solve the problem and give the right direction to the development of the PLL LOT ["Lot" Polish Airlines].

First of all, we do not have planes to fly. The last months have clearly shown the defects and malfunctions in all types of aircraft operated by the PLL LOT. Rivets have begun to come apart on the wings of archaic IL-18s, and fuel leaks from tanks located in the wings of TU-134s have been registered. Something of the kind has happened with TU-154Ms; also, their engines developed problems. AN-24s have had problems with tail control surfaces. Many aircraft have been grounded.

Recently, almost all IL-62Ms were "parked" because the 500-hour service life set by the government commission after the crash of the "Kosciuszko" [airliner] for engines fitted with old, producer-installed drive shaft bearings had run out. Engines in all Iliushin planes should be changed or overhauled. Unfortunately, it is impossible, as the USSR no longer produces either this type of aircraft or engines for them. For one IL-62M to fly, engines are collected from three others. This is no laughing matter anymore; breakdowns are increasingly numerous. Same as an old car, an old plane breaks down more often. If we recall also that systems of the entire aircraft depend on the smooth operation of the engines, the issue becomes serious.

The daily press described what was going on at the Okęcie [airport] at vacation time. The flight schedules fell through, and punctuality failed throughout the system. People had to wait hours for their flights. The transatlantic line, which the PLL LOT services with

more flights than any other airline of socialist countries, was in jeopardy. Withdrawing from this line this year would have made the PLL LOT a provincial carrier.

Recent months, disastrous for the PLL LOT, have brought about a resumption of the once forbidden discussion of buying or leasing Western aircraft. The purpose in this instance is not to belittle Soviet aircraft. However, we should be aware that the Soviet aircraft we own have depreciated considerably. Besides, they were designed with Soviet needs in view, which was natural and understandable. However, our needs have been and are completely different. We fly mainly to Western countries, and this accounts for other needs. The Russians carry a majority of their travellers on domestic routes, whereas we have to stand up to the competition, that is, provide a comparable level of comfort to the foreign passenger, as well as reduce as much as possible the cost of operations which is tremendous at present.

Nowadays no respectable air carrier operating long-distance flights can afford not to own a wide-body aircraft where you sit not like in a Polish suburban bus, nudging you neighbor, but rather as at home in a convenient armchair in front of your TV. Otherwise, he will not attract the passengers and will not transport them inexpensively.

We do not have a single comfortable and cost-efficient aircraft. The transatlantic line, maintained with difficulties, is in the red. It is known that proceeds from ticket sales do not cover operating expenses.

Wide-body planes feature low specific fuel consumption. This is a conventional statistic indicating how much fuel is required to transport one passenger over 1 kilometer. The overall cost of transporting one passenger, and subsequently the optimal tariff for a given line and the economics of aircraft operation hinge on this statistic.

Where do we stand? First, a drastic comparison: to transport one passenger over 1 kilometer, a Boeing 747 Jumbo Jet uses 35 grams of fuel, on IL-62M—51 grams. On top of that, the service life of its engines is almost three times shorter, respectively 9,000 to 11,000 hours and 3,500 hours (2,500 after the last crash). A Jumbo cruises at a speed of 930 kilometers per hour, IL-62—over 800. The former has 400 or more passenger seats depending on the modification, the Iliushin—about 170.

Now, for a real comparison, i.e. that of genuinely comparable planes. Only Boeing 707 can be the equivalent of IL-62M. The former is already an old model and, taking into account the pace of changes in aviation technology, it is ages old. It was introduced on the transatlantic line in 1959. At present, a negligible number of companies still use the 707. As early as the end of the 1970s, Pan American was getting rid of these planes at the rate of several a month, even though they had long served only on peripheral routes.

IL-62M uses 8 tons of fuel per hour on the average. A Boeing 707, transporting about 190 passengers, consumes 6 tons. Once, a calculation was made to the effect that annual excessive fuel consumption by our Iliushins amounts to as much as one-half the value of a very good plane, e.g. DC-9. Fuel consumption is an essential matter for any carrier. One of the pilots told me that the Japanese some time ago repainted their aircraft using a lighter and better paint, due to which every plane became about 300 kilograms lighter. As a result of this, within 1 year alone fuel worth \$1 million was saved.

We have been getting the feel for theoretically cost-efficient flying right at home for the last several weeks since a DC-8 leased in the USA started flying (the cost of leasing is \$2,200 per hour of flight time, of which \$200 is for the crew). However, this is an old vehicle, by now 18 years old, with older generation engines rather than with the expected new ones. This DC-8 burns 14 tons less fuel than IL-62M while crossing the Atlantic. To be sure, now there are lots of problems with the DC-8, because the work of stewardesses on it is a headache (no carts for distributing meals, not enough toilets, a tight kitchen without adequate heaters, as well as the already occurring breakdowns). Nonetheless, the fact of leasing it is a highly significant precedent, which may result in better decisions in the future.

DC-8 is also not the vehicle we should be flying. It would be pointless to train Polish pilots to fly it, as was planned. It is good that this plan was abandoned. Let this DC-8 be the forerunner of changes that must and, it appears will, come about.

For a long time now, the management of Polish civil aviation has made no secret that the transatlantic line is maintained because of its prestige. Simply put, we cannot afford to give it up. It is time to go beyond such reasoning.

I think that a majority of our international routes are maintained due to considerations of prestige. Let us recall the tremendous effort made by the PLL LOT in order to open the route to Bangkok, becoming the 22nd carrier on it. We had to take a lot of trouble in order to squeeze in where others have long had passengers. The PLL LOT also pays a pretty penny in subsidies for the flight to Delhi.

The costs of servicing the PLL LOT aircraft at Western airports are very high. We must either pay extra for it, or maintain our own crews, often times in distant airports, because over there Polish planes are quite rare and unknown. Even a small defect eliminates the aircraft from operations for a long time, because there is no opportunity to repair it at a Western airport, there are no specialists, tools and spare parts. At the same time, every airport in the West has service crews of largest aircraft producers. Any part can be replaced without a problem, as individual crews specialize in, for example, changing landing gear wheels, hydraulic equipment, or navigation

devices. In case of need, a defective module is removed, a good one is inserted, and that's it. The passengers often don't know at all that the plane has been tinkered with.

If we wish to continue transatlantic flights, we should have an American airplane because no one else produces a long-range wide-body passenger jet. Strictly speaking, IL-62M is not a long-range aircraft, it has no special container holds under the deck. As soon as it gets a full passenger load, there is not enough space to put all the suitcases.

One thing is certain: we are not going to have Boeing 747, because the Okęcie airport would choke completely if we tried to accommodate 400 persons at once in a speedy and gentlemanly fashion, to say nothing of a situation when after the Jumbo Jet, say, two IL-62s and a TU-154 land. That would be the end. Checking out would take a week.

I do not know what may be imported—DC-10, Boeing 767, Airbus-300 or DC-9. Let the experts and trade specialists decide. However, acquiring a plane is no simple matter. The question most often asked is where to get the money, especially because at present an average wide-body plane costs about \$40 to 50 million. Of course, the state has no cash. We might get a loan, get the plane on loan and generate repayment, we might lease it or look around for a sponsor. The economists would definitely suggest yet another solution. It was said once that any banker is more willing to loan money for a plane than, say, for purchasing grain, because the plane begins immediately to earn its keep. Very rough calculations, e.g. for DC-10, indicate that \$35 to 40 million would be recouped at the beginning of the 4th year of operation, taking into account the cost of the plane and given that it would fly to New York only three times a week, with only one-half of the seats sold and hard-currency-paying passengers accounting for one-half [of the total]. It should be mentioned that the DC-10 is about 100 kilometers per hour faster than our IL-62M, thus travelling the 7,400-kilometer route from Warsaw to New York in one hour less, which is important.

There have already been many offers and talks concerning the purchase of a modern plane.

The Boeing 767 is a plane with excellent performance characteristics. It seats 256 passengers and uses 4.5 tons of fuel per hour of flight. Its range is up to 9,000 kilometers. This model is a typical example of competition in the aircraft industry. When the concern Airbus Industrie launched its A-300, it turned out that the Americans were caught by surprise. They quickly began work on B-767. The response of Airbus was immediate. It designed A-310 with a quite similar performance.

Let us also mention narrow-body foreign aircraft which are operated on domestic and medium-range international flights. Boeing 727, a three-engine jet aircraft with 150 seats is the most popular. DC-9 and Boeing 737 are

also a good proposition. For several years now, the Dutch Fokker Fellowship with more than 100 seats has been quite a hit. It is tailor-made for our domestic flights, which will be discussed below.

Meanwhile, what are we offering the passenger?

IL-62M is an obsolete model quite similar to the British Vickers VC-10 from the early 1960s, the production of which has long been discontinued (they have similar power transmission systems). Indications are that the problem with the engines will keep these planes grounded for a long time to come. Of the three engines promised, which were to arrive in Poland in late August-early September, only two did. Therefore, IL-62Ms are parked. Only two are in operation, and, as the matter stands, sometimes fly on shorter routes in Europe. They are doing what they shouldn't do, because it is uneconomical. After all, the number of landings and takeoffs for any aircraft is precisely determined by regulations; it reflects the durability of the landing gear or fuselage. Any time an IL-62M remains airborne for less than 4 hours its service life is shortened.

Long ago, a memorial to IL-18 should have been erected at Okęcie with an inscription on the pedestal saying "For Distinguished Service to Polish Civil Aviation." It is no accident that the pilots call it "a steam locomotive."

TU-134—obsolete and tight. Competitors offer A-300, for 300 passengers and freight in containers.

TU-154M, also the old generation, same engines as in IL-62. Compares to Boeing 737 and DC-9 in cruising speed, but trails them in other characteristics.

AN-24 operated on domestic lines: nice, but ensures neither speed nor comfort. It is noisy and not cost-efficient.

Why am I devoting so much space to the aircraft produced in the West? Because the so-called "aircraft policy" of the PLL LOT, thus far vociferously advertised, has ended in disaster. We did not receive the Iak-42, long since announced and even demonstrated in Okęcie some time ago. We did not receive the first Soviet wide-body aircraft IL-86 seating 350 passengers. It was known from the very beginning that this aircraft would not meet our needs, and the fact that the Mielec [Aircraft Works] produces parts of control surfaces for it does not at all give us grounds to purchase it.

Now the IL-96 is being mentioned, the next wide-body plane in line. However, bringing up a plane which is still largely in the draft board stage is somewhat premature.

The aircraft policy of the PLL LOT boils down to the plane having been and still being a secondary rather than primary consideration. In other words, the routes are selected to fit the planes rather than the other way around. Meanwhile, selection of the aircraft type should

depend on the objective which must be achieved. Recent decisions on sending TU-154M to Beijing or Delhi with two stops en route are the best example. Clearly, such operations cannot but lose money.

Another example is found in domestic airlines, whose loss of money has long been explained by various concepts. So far, these concepts have done nothing to reduce the loss. One of these concepts was that domestic flights could be a continuation of international routes and would yield hard-currency profits as a foreign passenger would be transferred from a European to a domestic flight. The passenger paying in dollars would quickly get where he wants to.

The error is obvious. This argument was evidently unrealistic from the outset, because our airports are so inadequate, the planes so old, and transfers from the airports to cities so difficult and time-consuming that any foreign tourist who has used the PLL LOT even once would have a right to say: "To Poland? Never again!"

Operations would not be in the red if the cities most interested in air transportation, such as Wrocław, Kraków, Rzeszów and Szczecin, had adequate infrastructure and airfares comparable to a train or bus ticket could be offered. Domestic air transportation in Poland is an unreliable way to travel. Low passenger loads push up the tariffs and exacerbate the deficit. It should be added that the PLL LOT have received no subsidies for domestic service since 1974 and cover the deficit with profits generated on international routes.

The Dutch Fokker Fellowship carrying 100 passengers would be the most suitable plane for us. Also, it is suited for short European routes, where it could replace the TU-134.

Finally, Poland is the only industrialized country which does not have specialized cargo aviation or, worse yet, a single aircraft actually adapted for freight. Leading air carriers use Boeing 747F or C with a capacity of 90 tons (for comparison, IL-62M—23 tons). Virtually all wide-body planes are designed to carry containerized cargo. Others carry goods on which we could make a great deal of money due to, among other things, our excellent location in Europe. We could easily get ourselves several cargo aircraft for the price of fuel needlessly burned by IL-62M in one year alone.

During the energy crisis, all carriers switched to lower cruising speeds with a view to saving as much fuel as possible; one ton of it cost \$500. In recent years, its price came down by one-half. Greater speeds are being used again. Reliability and maximum time in the air are emphasized. At one point, the PLL LOT achieved the 8-hour mark in using the IL-62 daily, whereas in the West 15 to 18 hours was achieved. As for today's status, I have described it.

The PLL LOT have no good planes and, in a matter of speaking, do not have planes at all. We should decide now whether we are going to provide subsidies endlessly or acquire equipment which the competition has and finally make money. The situation has been disastrous for years. The doctrine has failed and there is no way to pretend any longer that the problem does not exist.

9761

**Sensible Economic Incentives for 'Polonia' Firms**  
*26000047d Warsaw ZYCIE WARSZAWY in Polish*  
*29 Oct 87 p 3*

[Article by Zbigniew Siwik: "Taboo or Our Desire"]

[Text] Some have said that Polonia companies are the worst evil in our socialist economy because they drain raw material and labor supply and offer gadgets in return.

Others have reasoned that Polonia companies are our only hope for reversing unfavorable trends through an infusion of foreign capital.

Reality has turned out more balanced. It made a laughing stock of the pragmatists by revealing the genuine threats to the reform. However, it showed the proponents that we do not have to investigate the genetic code and three generations of ancestors in order to determine that someone is a Polonia member deserving the privilege of investing dollars into the Polish economy.

As a song on a hit list, Polonia companies have slipped to number two. Joint ventures, or regular companies with foreign capital, top the list now. A search began for the ways for Polonia companies, now called more correctly just "foreign enterprises," to coexist with other sectors of the economy.

A management seminar for all directors, accountants and party secretaries from large enterprises of the capital city... at a Polonia company sponsored by the PZPR Warsaw Committee was in interesting attempt to find such ways.

In front of the committee members, journalists and several hundred representatives of the FSO [Passenger Car Works], Kasprzak, Warynski, Nowotko and Roza Luksemburg Plants etc., the director plenipotentiary of the "Plastomed" outlined the philosophy and guidelines for company operations, its organizational chart (a marketing department on it was a complete novelty for the managers of state enterprises). Finally, he began to talk about... the difficulties the company was having, including financial, and stated: "We have nothing to hide. We seek cooperation and understanding for our development plans."

This was the climax of the meeting. The silence was overwhelming. By then, everyone knew that in several years of operation the "Plastomed" had, by reinvesting 98 percent of its profits, turned out products for the health care service worth over 3 billion. Out of that, the company had managed to export twice as much as it had sold in the domestic market, due to which the state treasury received \$230 million. Nonetheless, it turned out that the enterprise had been waiting a year and a half for approval of a new shop location, which would make it possible to boost production, exports and profits, that it had been struggling with other absurdities...

At that time, Chairman of the Polish-Polonia Chamber of Industry and Commerce (Inter-Polcom) Tadeusz Kaminski said: "I absolutely agree with the "Plastomed" director, that exchange of information on the moves intended and especially on difficulties is the only way to find a modus vivendi between the authorities and the Polonia companies."

In light of this, let us examine the difficulties of another Polonia company. The "Lima" from Strzelin in Wroclaw province produces, among other things, medical equipment of the highest technical standard, owing in large part to know-how, or the transfer of the most up-to-date technology.

Fully automated equipment for regenerating capillary dialyzers, or replacable inserts for the artificial kidney, is the exclusive revelation of this small enterprise. This equipment makes it possible to clean every such dialyzer with water and simple chemical solutions, due to which it can be used as many as four times (1). Until recently, every dialyzer was thrown away after just one procedure of cleansing the blood of a patient from products which are not removed by sick kidneys. Artificial kidneys are in short supply, the same as dialyzers, and people "just" die. Besides, research has shown that the use of a new dialyzer causes a momentary allergic reaction in the patient. Due to the "Lima" device, as many as 40 such machines are working in 28 clinics and hospitals throughout Poland. In this way, the tragic problem of the short supply of dialyzers has almost been solved and the comfort of the patients has improved. The Ministry of Health may allocate the hard currency saved on the reduced imports of dialyzers at \$10 apiece to acquiring abroad artificial kidneys, so that people won't die because of their shortage.

It merits mentioning that the patent for "Dialimed" (this is name of the piece of equipment in question) gathered dust in the shop of the Medical Academy of Wroclaw for 4 years, because there was not an enterprise in all of Poland capable of investing that much hard currency into the needed imports of materials and equipment. Only the "Lima" dusted off the patent and signed a license agreement with the academy.

Products for environmental protection are the other leg of operations. The gravimetric dust particle meter "Emitest 587" is a very interesting device; its prototype was developed in cooperation with scientists from the Technical University of Wroclaw, who are the proprietors of the technical concept. A microprocessor system of control and data processing after the measurement is taken makes this dust meter modern and reliable. Trial samples will be produced as early as this year.

As we can see, the purpose of the enterprise is to manufacture products and systems, based on Polish patents and licenses, in two fields which are specially emphasized by the state, health care and environmental protection.

Nonetheless, even this modern enterprise (modern production in an old shack) has its difficulties, as do many other small-scale foreign enterprises. Changing... the owner is the most important of these problems.

In April of this year, the Department of Small-Scale Production and Services of the Provincial Administration Office of Wroclaw carried out a routine audit of the enterprise. In keeping with the principle of "early warning," it was done 4 months before the deadline for capital investment declared by the American owner of the company.

"The audit suggests that as of today only 14.2 percent of the volume of investment declared has actually been made. Under these circumstances, I am concerned with the fulfillment of the investment schedule which you have agreed to, as well as with proper development of the "Lima" foreign enterprise in keeping with your earlier declarations and the conditions set in the license. With the above in view, I would like you to come [to Poland]," said director of the Department of Small-Scale Production and Services Jozef Jastrzebski in a letter to the owner.

The conversation took place soon. As a result of it, another businessman, this time from Austria, became interested in the company. (Soon, an Englishman also wanted to buy the "Lima").

At present, legal proceedings associated with the sale of the company are underway, so that the enterprise can develop along the guidelines set in its charter license.

Provisions of the agreement between the office and a prospective future owner as to the volume of capital investment needed have not basically changed. However, the office has attached a provision on starting operations in utilizing municipal waste, which will be processed into fuel briquettes with a heat content higher than that of brown coal and inferior grades of hard coal.

Despite the Wroclaw Department of Small-Scale Industry and Services having brought about the closure of as many as 8 foreign enterprises in the province due to their

failure to comply with the investment obligations set forth in licenses, in this case it showed flexibility and a reasonable approach to the company which put its faith in high technology, not used in our country before, saving the life and health of people.

The "Lima" case should not give foreign investors the impression that they can lose control of their company; quite the opposite, their control will be the stronger the more decisively they invest in modernity, ensuring prospects for longer existence and development of the company. Says Chairman of "Inter-Polcom" Tadeusz Kaminski: "By using economic levers, we would like to effect a change in the production mix of Polonia companies (from primitive crafts to high technology) and to phase out the operation of companies which are incapable of doing so. Members of the government and deputies [of Parliament] make the same statement. If companies such as the "Lima" were to wind down their operations, this would mean the failure of the above correct program. We should mention that, in the estimate of chairman Kaminski himself, only one-quarter of about 600 so-called Polonia companies turn out products which could not be made in our country without foreign capital participation. Imports account for 25 percent of materials used in the "Lima" to produce equipment.

"Equipment for health care, environmental protection and electronics are the three fields of operation of foreign companies for which Inter-Polcom and the authorities pledged preferential treatment. Will practice contradict these verbal assurances?"—the members of the 9-person party organization operating in the "Lima" are asking.

Our approach to the so-called Polonia companies, or small foreign enterprises, and our ability to create for them proper operating conditions (absolutely without spoiling them, but with good will and guarantees of permanence of arrangements), and skillful management of daily relations are a very closely watched touchstone for the treatment of foreign capital by the Polish reform. This is the capital we are wooing so hard for investment in our economy. If we pass the test of small foreign enterprises by eliminating crooks and providing guarantees and incentives for high technology, then we can restore the confidence of investors and banks.

In the world, there is a limited amount of free capital [whose owners are] inclined to accept a greater risk such as investment in the yet uncharted socialist economy appears to them. And it is not only Poland seeking this capital. Regulations on joint ventures in China, the Soviet Union or Hungary are increasingly bold, the markets increasingly greater, and operating conditions increasingly more favorable, as well as the disposition of the authorities and the populace. If we are to win in this competition for the limited capital or to attract new capital, we should strive to develop a good system and adequate guidelines.

As long as we expect four large-scale benefits from small foreign enterprises and joint ventures—attracting investment capital, attracting high technology, bringing in hard currency to repay the debt and increasing the supply of materials and products which are so far imported—we must provide in return at least one sound foundation, reasonable economics.

### FOOTNOTES

1) In view of the threat of AIDS, the issue of disinfecting dialyzers and "Dialimeds" is waiting for an innovative resolution, as well as disinfection of the artificial kidney itself. (Is rinsing it with formalin sufficient? Maybe we should expose it to fast electrons after each procedure?)

9761

**Igloopol Agribusiness Touted as Reform Pioneer**  
26000049c Warsaw TRYBUNA LUDU in Polish  
13 Oct 87 p 4

[Article by Prof Dr Konrad Bajan: "'Igloopol'—Concept or Experiment?"]

[Text] Arrangements facilitating increases in labor productivity are sought in agriculture, the same as in other economic sectors, though in agriculture first and foremost. Special attention is given to measures which bring about activation of production on small farms; they still account for a majority of farms in Poland. And it is into this domain that the "Igloopol" falls; it is often acknowledged as having operated in keeping with the rules of the economic reform even before it was introduced. At present, there are four agribusinesses other than the "Igloopol" in Nisko, Szczecin, Torun and Gorzow. Yet, the "Igloopol" was the first...

It is a multi-enterprise combine consisting of 26 autonomous enterprises, of which 17 are production facilities and 9 are trade units. The combine is involved in the following operations: agriculture—crop farming and cattle breeding, frozen foods production, processing of food and agricultural materials, metalworking, production of building materials and construction, trade and services, including hotels. The combine produces frozen fruit and vegetables, processed meats, canned foods, ice cream and beverages, with agriculture serving as the foundation. The combine owns over 51,000 hectares of land on its 96 farms, which at present have 27,000 head of cattle, 72,000 hogs and 24,000 sheep. Besides, contracting supplies from [private] farmers is widely practiced. Self-produced and contracted supplies meet the needs of food processing. Therefore, this represents a concept of direct links between the production of agricultural raw materials, processing and sales, i.e. trade.

### Business Card of the Combine

Restoring to use the lots thus far neglected and in a condition of extreme deterioration, mostly dispersed, is a peculiarity of agriculture practiced by the "Igloopol". For example, in Tarnow province there are 2,300 hectares in 488 lots, the average size being 4.8 hectares. The [private] farms taken over require considerable investment for land improvement and reclamation, construction of connecting roads and restoration of soil fertility, especially so because as much as 42.2 percent of the total area belongs to [soil survey] classes V and VI.

The outcome testifies to the progress in the use of the available land: in 1981, the yield of four grains [wheat, rye, barley and oats] came up to 18.6 quintals per hectare, whereas in 1986—to 33.8 quintals per hectare; potato yields were 134 quintals per hectare in 1981 and 206 in 1986, and so on. Over the same period, sales of hogs increased 6 times, of cattle—3 times, and of sheep—5 times.

In the "Igloopol" concept, agricultural production and the processing industry are the supreme objective. All operations are subordinated to it; other production activities are to support them. Refrigerator trucks, refrigerated trailers, fluidization tunnels, refrigeration chambers, as well as agricultural implements, equipment for food-processing etc. are produced. These are unique products or those in short supply. Some of them are produced in cooperation with foreign partners. Finally, these are modern and much needed products, sought by the entire food economy.

Thus, the concept of the "Igloopol" is based on combining several kinds of typically agricultural and related operations such as, for example, processing of agricultural raw materials or production of machinery and equipment needed for agriculture. This is a kind of multi-branch enterprise in which sectors and branches of production complement each other and combine into production lines which are mutually dependent on each other. For example, considerable reserves of self-produced raw materials make processing more efficient and reduce the cost of the final food product. On the other hand, whatever is not used in processing becomes cattle fodder. Industrial production makes it possible to implement new machinery and technology not only in this particular enterprise, but throughout the entire food complex.

Combining production of many branches virtually eliminates the economic risk for the combine as a whole, as losses in one field are offset by profits in another without resorting to extraordinary measures. As is known, food production is the least profitable. Relatively higher profits generated in metalworking, construction, trade and services are the main source of financing for agricultural production, especially for the tremendous outlays needed to restore the structures taken over and agricultural land.

Profits are generated which provide the foundation for modernizing not only agriculture and rural areas, but the entire food complex. On a smaller scale, we can see similar arrangements in many agricultural producer cooperatives and some PGRs [state farms]. The units involved in more than just crop farming and cattle breeding are the ones developing well. The case of the "Igloopol" once again bears out this direction of development.

### In Two Positions

The "Igloopol" was started and developed in a special area of our country under the conditions of considerable parcellation, backward agriculture and rural overpopulation. Operations of the enterprise are based on using the available supply of labor. The phenomenon of double occupations occurs here twice. First, this happens when farmers owning little land take up work at the enterprise, because all of them have their own farms. Then it happens when two occupations are combined within the enterprise itself, since all employees of the combine take part in field work at peak time, and the other way around, employees are assigned to other sectors during agricultural lulls. Complete and permanent utilization of the entire available labor supply is fundamental to the existence of the enterprise and its employees.

Over 16,000 farmers cooperate with the combine, producing for it hogs, cattle, sheep, horsemeat, potatoes and so on. This is a particularly convenient and favorable arrangement for the farmers; it gives a boost to production and ensures permanent and stable income. For many areas of our country, it just might be the model for the future as far as the reconstruction of agriculture and the rural areas are concerned.

### Proud of Their Enterprise

Unparalleled activity and involvement of the management, the engineering cadres and the employees are a particular feature of the "Igloopol" Agricultural Production Combine. The research carried out indicates the existence of strong local patriotism, pride in the enterprise, respect for the values the combine stands for and good work ethics. A majority of the workforce has already worked somewhere else, often in the same enterprise which used to be in decay, whereas now, in the new [organizational] structure, these people somehow have gotten a second wind for work.

This bears out the opinion that there are no bad workers; there are, though, managers and supervisory personnel who are not always up to their tasks. There are no special service personnel charged with maintaining cleanliness anywhere in the combine; yet, the order and cleanliness everywhere are exemplary. Likewise, salaries in the "Igloopol" are not the highest. In the 1985-1986 period, the combine held the first place in product sales among 300 enterprises; it was the 21st in profits and 202nd in salaries. Therefore, salary is not the decisive factor.

In the "Igloopol," attention to the person is the overriding concern. A versatile infrastructure has been built up and is constantly expanded with this in view. An apartment can be had within 3 to 4 years. The policy is to allocate the employee a gardening plot with a shed at the same time the apartment is allocated. Free day care centers, meals in schools and an abundant network of inexpensive canteens, cafeteria, shops and various stands is provided. All of that makes the daily life of every employee family much easier.

The issue of cultural centers, athletic facilities and combine-owned rest and recreation facilities has been resolved completely. More than 21,000 employees of the combine know that when they work they not only generate benefits for the country, but also for themselves. The goals precisely outlined by the management of the combine in consultation and with full support of the party organization, trade unions and other social organizations account for the positive sociopolitical climate of the community. This is a particularly important factor in the overall success.

There is only one answer to the question asked in the title about us dealing in this case with a concept or just an experiment: this is a realistic concept which is proving itself in practice. Arrangements of this nature bring industrialization to the rural areas, manage labor resources in socially useful work, change the local community and bring about a fundamental transformation of rural populace and agriculture itself. Therefore, it is high time to replicate these achievements widely throughout our country, that is to set up similar enterprises. However, every region of our country has its peculiarities, and they should determine the pattern of specific arrangements.

The value of the "Igloopol" is undisputed; it should be treated as one way to organize and reconstruct agriculture. From this standpoint, the creation of the "Igloopol" and all of its innovative arrangements are the stage for a great experiment, a manifestation of courage and bold thinking. The experience should be the subject of continuous scientific study and replication on a greater scale.

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### OPZZ Delegation in PRC Hears Praise of Polish Reform

26000047b Warsaw TRYBUNA LUDU in Polish  
13 Oct 87 p 6

[PAP report from Beijing: "OPZZ Delegation Received by the Acting Secretary General of the Central Committee of the Communist Party of China"]

[Text] On Monday, a delegation of the OPZZ [National Trade Union Accord] headed by Alfred Midowicz, and paying an official visit to the PRC at the invitation of the All-China Federation of Trade Unions, was received by

Acting General Secretary of the Central Committee of the Communist Party of China, Prime Minister of the PRC Zhao Ziyang. The Chinese leader emphasized that relations between the two countries have entered a new stage after last year's visit by Wojciech Jaruzelski in the PRC and his visit to Poland in June of this year. He stated that these relations are becoming quite cordial at present.

Zhao Ziyang expressed his conviction that Poland will succeed in implementing economic reforms. Poland, he said, is showing considerable courage and resolve in implementing the reforms. China reviews closely the documents on the program of reforms and follows the course of these changes.

Zhao Ziyang said that socialist countries should learn from the experience of Poland in the matters of trade union movement, including that gained in 1980.

A. Miodowicz stated that two spheres of activity bring the trade unions of Poland and China together: activation of the working people in the process of reforms and improvement of the methods of operation in such a way as to meet the needs of the employees. In this situation, the role of trade unions in enterprises becomes the most important matter.

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END